

British Nationalism, Imperialism and the City of London 1880-1900

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QUEEN MARY COLLEGE

**BRITISH NATIONALISM, IMPERIALISM AND THE CITY OF LONDON
1880-1900**

A thesis submitted for the degree of Doctor of
Philosophy of the University of London

by

Steven Reginald Burdett Smith

ABSTRACT

Based mainly on the records of the London Chamber of Commerce, the study explores the role of the City in the promotion of a form of British nationalism and the pressure for an expansion of the British Empire and navy in the last two decades of the nineteenth century.

In its propagation of a free-trade form of imperial federation, the City struggled with protectionists within the Imperial Federation League, at the Congresses of the Chambers of Commerce of the Empire convened by the London Chamber of Commerce, and by forming the British Empire League. The City's concern to consolidate the existing Empire, together with a demand for its expansion, was presented as a 'National Commercial Policy' and justified with rhetoric which included economic nationalism, the civilising mission of the British, and free trade.

The close relationship between the City and the State is revealed to have had two aspects: the one consciously kept hidden and which admitted the political and specific economic realities involved; the other publicly performed, which denied the hidden aspect and was played in general language to various audiences at home and abroad, who were composed of interests which competed politically or economically with the City. The activity of committee members of the trade sections of the London Chamber of Commerce for West Africa, South Africa, and East India and China provide examples of this relationship, and details of the economic interests of those City businessmen involved are recorded.

The City's often-ignored, leading role in the pressure for a continuous and rapid expansion of the navy during this period is demonstrated, in particular by the activities of the Naval Defence Standing Committee of the London Chamber of Commerce which brought together the politicians, naval officers and businessmen who formed the centre of the movement in the 1890s.

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ABBREVIATIONS

ACCUK	The Association of the Chambers of Commerce of the United Kingdom.
B.E.L.	The British Empire League.
<u>BM</u>	The <u>Bankers' Magazine</u> .
CAB 37/17	The Public Record Office, Cabinet papers.
<u>CCJ</u>	The <u>Chamber of Commerce Journal</u> .
<u>CCJ</u> (Commerce)	<u>Commerce</u> - a short-lived weekly version of the <u>Chamber of Commerce Journal</u> .
CMB 1 & 2	The Council Minute Books of the London Chamber of Commerce.
CO	Colonial Office.
CO 96/178	The Public Record Office, Colonial Office papers.
EICMB	The Minute Book of the East India and China trade section of the London Chamber of Commerce.
<u>Econ.</u>	<u>The Economist</u> .
Exec. MB	The Minute Book of the Executive of the London Chamber of Commerce.
<u>FN</u>	The <u>Financial News</u> .
FO	Foreign Office.
FO 403/38	The Public Record Office, Foreign Office papers.
GMB 1, 2 & 3	The General Minute Books of the London Chamber of Commerce.
I.F.L.	The Imperial Federation League.
I.F.(D.)C.	The Imperial Federation (Defence) Committee.
NDSC	Naval Defence Standing Committee of the London Chamber of Commerce.
<u>NLJ</u>	The <u>Navy League Journal</u> .
NLMB	The Minute Book of the Executive of the Navy League.
<u>Parl.Deb.</u>	<u>Parliamentary Debates</u> .

Parl.PapersParliamentary Papers.

R.C.I.

The Royal Colonial Institute.

RMB 2

The Rough Minute Book of the London Chamber of Commerce.

SAMB

The Minute Book of the South Africa trade section of the London Chamber of Commerce.

WAMB

The Minute Book of the West Africa trade section of the London Chamber of Commerce.

All footnotes including newspapers and journals refer to editorial comment unless a page number is given.

INTRODUCTION

Amid the welter of vague political abstractions to lay one's finger accurately upon any 'ism' so as to pin it down and mark it out by definition seems impossible.¹

The difficulties involved in studying nationalism and imperialism have been recognised for a hundred years,² and there is still no general agreement on the nature of the subject.³ Approaches have varied. The problem is not greatly simplified by limiting studies to a definition of 'nationalism' or 'imperialism',⁴ because not only do the meaning of words change over time,⁵ but they may have a number of meanings simultaneously.⁶ Moreover, a meaning or concept is often dependent upon related terms or ideas for its particular sense. Other approaches aimed at simplifying the task for the historian have included the

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1. J.A. Hobson, Imperialism (1938), 1.
 2. Sir H.J.S. Maine, Popular Government (1886), 27, pointed out that 'Nobody can say exactly what nationalism is'.
 3. R. Owen & B. Sutcliffe (eds.), Studies in the Theory of Imperialism (1972), 3, 'For one thing there is no general agreement about the meaning of the word itself, or about the phenomenon it is meant to describe'. N. Ethrington, 'Theories of Imperialism in South Africa revisited', African Affairs (1982), 387, has referred to the theoretical discussion of imperialism as 'the misconceived debate kept alive by the hidden agendas of historians'.
 4. For an example of such work, see R. Koebner & H. Schmidt, Imperialism (Cambridge, 1964).
 5. 'Nationalism' originally referred to a concept of popular sovereignty in France, see K.R. Minogue, Nationalism (1967); C.J. Hayes, Essays on Nationalism (New York, 1926); The Royal Institute of International Affairs, Nationalism (Oxford, 1939); L.L. Snyder, The Meaning of Nationalism (1954); H. Seton-Watson, Nations and States (1977).
 6. Patricia Knight, 'British Public Opinion and the Rise of Imperialist Sentiment' (Warwick University, Ph.D., 1968).

proposal of an unchanging essence of nationalism,¹ or the bringing together of a number of different terms on the grounds that they are aspects of an underlying, unchanging patriotism.² These methods lead to an ahistorical explanation of the terms: it is a small step from them to the assumption that nationalism is latent in the souls of human beings,³ and so beg the question altogether in the same way as Hobbes avoided addressing the complexities of human conflict.⁴

'Nationalism' and 'imperialism' in the late nineteenth century were terms or concepts which were related to other ideas and derived their significance from the fact that they constituted part of the political debate of the period. They formed part of the argument or language with which particular policies were promoted, justified or opposed. 'Free trade', 'protectionism', and 'imperial federation' were some of the related terms for which it is equally difficult to provide a single definition. When the popularity of a specific policy was

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1. Seton-Watson, op.cit., 445, defined the essence of nationalism as 'the application to national communities of the enlightenment doctrine of popular sovereignty'. The use of the concept of essences by historians has been well criticised by Quentin Skinner, 'Meaning and Understanding in the History of Ideas', History and Theory viii (1969), 3.
 2. Hugh Cunningham, 'The Language of Patriotism', History Workshop, xii (1981), 8.
 3. M.D. Blanch, 'Nation, Empire and the Birmingham Working Class, 1899-1914' (Birmingham University, Ph.D., 1975), 385.
 4. 'Hobbes inquires, For what reason do men go armed ... if they be not naturally in a state of war? But is it not obvious that he attributes to man before the establishment of society, what can happen but in consequence of this establishment, which furnishes them with motives for hostile attacks and self-defence', Baron de Montesquieu, The Spirit of the Laws (University of California Press, 1977), 102.

in question, its supporters often invoked 'public opinion' in its defence.¹ It has been suggested that , if it is possible for an historian to use the term 'public opinion' at all, it should be used in a literal sense to mean the opinion of the public; and a starting point for a study of public opinion in this sense would be the different opinions promoted consciously by various interest groups.² The same method may be assumed appropriate for an analysis of the language with which particular policies were addressed in the public arena. An examination of the arguments of one of the groups - in this study the business community of the City of London - will constitute one piece of the jig-saw of public opinion, and contribute to a less rhetorical, more realistic appraisal of the

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1. The term has its own history which has not yet been studied, a hint of its origins was provided by Disraeli in his book Endymion (1880) i, 12-13, where 'public opinion' is treated as a new term to cover support for the government provided by the newspapers, Dissenters, Whigs and others, as distinct from the Church and the landed.
 2. This was advocated by Pauline R. Anderson, The Background to Anti-English Feelings in Germany, 1890-1902 (Washington, 1939), xiv, 'It is necessary to distinguish between the public opinion of different groups, to relate the opinion of a group to its own particular interests and to allow for the extravagance of professional chauvinists, nationalists, and their opponents. Public opinion, moreover, does not always proclaim frankly the interests which it represents, but appeals to the "general welfare" or to "national interests". Thus at times the arguments of ardent nationalists and patriots, however unintentionally, conceal special interests.' A different approach to public opinion has been suggested by A. Porter, The Origins of the South African War: Joseph Chamberlain and the Diplomacy of Imperialism (Manchester, 1980), x, where it is defined as that opinion which can make itself politically effective. This latter approach would not seem to allow for the frequent rhetorical use of the term.

extent of support for particular policies in the period covered by this thesis.

Political debate adds to the complexity of the study of nationalism or imperialism, for within the political arena speeches and activities were likely to be well-considered before being carried out; arguments were assembled with an eye to possible counter-proposals and the existing popularity of concepts and meanings. Political activity was fashioned to take account of the prevailing climate and the position taken by opposing groups - political or economic - both domestic and international. Battles for particular terms or meanings were an essential part of the debate.¹

Interest groups had specific economic or political objectives. These were translated into arguments or concepts which could be used in the political arena to advance the underlying aim, yet the ideas or language employed did not directly allude to the interests which it was hoped would be furthered by the policies proposed. Thus there are three aspects to be studied if nationalism

1. Most significantly, 'nationalism' was retained by the Irish, and even the term 'national' could not be used in the 1880s for this reason; see, for example, Lord Rosebery's explanation of this restriction at the inauguration of the City branch of the Imperial Federation League, Imperial Federation, 1 Dec. 1889, 274. During the 1890s, The Times seemed to make a bid to regain the term. At the end of January 1896, for example, the puffing up of 'the patriotism of the race' and 'the patriotic spirit' was deflated by Morley's speech in which he appreciated 'the force and value of the spirit of (Irish) nationality'. The Times from then on was more cautious in its language, The Times 24, 28, 30, 31 Jan. & 1 Feb. 1896.

or imperialism are to be fully understood: ideas and arguments; the employment of them in political debate; and the essential interests which these activities were designed to promote and protect. Studies of nationalism or imperialism are sometimes limited either to terminology, or to political decision-making, or to underlying interests; and they sometimes lose themselves in a meandering, unconscious movement between these three interrelated areas. This study seeks to address all three aspects of the problem by examining the publicly expressed opinion of a particular interest group, its specific attempts to influence government policy, and the underlying interests - in this case economic - which motivated the associated political activity.

The City of London provides an important example at all three levels of study. As a community it is usually associated with the persistence of a concept - free trade - which was used to oppose protective tariffs or 'national economics'.¹ The political activity of City men with business interests abroad in support of imperialism was such that contemporaries believed that a rational explanation of the British policy of new imperialism was to be found by a careful analysis of the relations between business and politics.² Attention is also directed at the

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1. Frederich List's Das nationale System der Politischen Oekonomie, written in the mid-century, was published in English in 1885.
 2. Hobson, op.cit., 47. E.R. Faraday made a similar point to the British Association in 1898, quoted by Norman Etherington, 'The capitalist theory of capitalist imperialism', History of Political Economy xv (1983), 667.

City by the findings of studies of German and French imperialism which suggest that wealthy businessmen in those states were involved in the promotion of empire.¹

The City was the wealthiest centre of British business,² and during the nineteenth century the City rapidly became the most important international business centre. From the time of the battle of Waterloo, City interests abroad included the issue of foreign loans,³ and the formation of colonial or imperial banks followed the general increase in overseas investment.⁴ From 1860 onwards, sterling became an international currency on a large scale.⁵ The joint stock company legislation of

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1. Richard V. Pierard, 'The German Colonial Society, 1882-1914' (University of Iowa, Ph.D., 1964) seeks to dispute the view that high finance and heavy industry were the dominating influence in the Deutsche Kolonialverein and the Kolonialgesellschaft, on the grounds that such interests, although present in the organisations were not the most active members. He does agree, however, that big business supported the German Navy League, a point made by Franz Neumann, Behemoth (1943), 172. Pierard also describes the establishment of the Kolonialrat, appointed by the Chancellor in October 1890 to advise on imperialist matters, which had business representatives on it. For French imperialism, Henri Brunschwig, French Colonialism, 1871-1914: Myths and Realities (1966), 123, describes the Union Coloniale Francaise - which formed in 1893 and was comprised exclusively of businessmen - as the wealthiest and most active of French colonial leagues and associations. More recently, see L. Abrams & D.J. Millers, 'Who were the French Colonialists? A Reassessment of the Parti Colonial, 1890-1914', Historical Journal xxix (1976), 685-725.
 2. W.D. Rubinstein, 'The Victorian Middle Classes: Wealth, Occupation and Geography', Economic History Review xxx (1977), 602-23.
 3. L.H. Jenks, The Migration of British Capital To 1875 (1927), Ch.2.
 4. A.S.J. Baster, The Imperial Banks (1929), 123.
 5. C.R. Whittlesey & J.S.G. Wilson (eds.) Essays in Money and Banking (Oxford, 1968), Ch.12.

1858, 1862, and 1879 was accompanied by a rapid proliferation of joint stock companies.¹ Despite the Overend Gurney crisis of 1866, between 1860 and 1882 the number of banks, private or public, which carried on business as London bankers was more than doubled, and those carrying on business mainly with foreign countries and the colonies increased more than fourfold.² The rise of bill-broking, particularly the business in foreign bills, was indicated by the establishment of large discount houses.³ Joint stock banks became huge as they amalgamated and expanded.⁴ The larger merchant houses also expanded and it became difficult to distinguish wealthy merchants from the 'finance houses' (or merchant banks as they were later known). The merchants' City offices handled the exchange and financial side of the business, and it has been suggested that there was a general trend throughout the nineteenth century for wealthy merchants to become merchant bankers.⁵ Any business which was sufficiently large and wealthy would be likely to become, at least in part, a dealer in the commodity of money.⁶ The era of 'capital' was described

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1. Ellis T. Powell, The Evolution of the Money Market, 1385-1915 (1915), 537 (hereafter Money Market).
 2. F.J. Hilton, A Handbook of London Banks (1861 & 1883). It is Hilton who distinguished between 'banks carrying on business as London bankers' and the rest.
 3. W.M. Scammell, The London Discount Market (1968), 160-1; see also W.T.C. King, The History of the London Discount Market (1936), Ch.7.
 4. King, *op.cit.*, 272-3, between 1872 and 1881 the number of bank branches increased by 35 per cent to a total of 2,413; see also W.F. Crick & J.E. Wadsworth, One Hundred Years of Joint Stock Banking (1936), 37.
 5. S. Chapman, The Rise of Merchant Banking (1984), 124.
 6. Gurney referred to himself as a 'merchant of money', quoted by Marcello de Cecco, Money and Empire (Oxford, 1974), 79.

as being replaced by the powerful organisation of 'finance'.¹

From the time of the Overend-Gurney crisis onwards the modern Money-Power has been gradually centralising the entire financial control of the world ² and this of deliberate purpose, knowing its own aim.²

'The City' became synonymous with 'business'.³ The range of businesses which constituted the City in 1885 was recorded for the Royal Commission on the Depression of Trade by the London Chamber of Commerce:

The wholesale and distribution trade, comprising Merchants, Brokers and dealers of all sorts probably covers the largest area and employs the largest capital and the most labour in the City . . . Next in importance to this, the Banking interest with its allies the bill brokers, bullion dealers, exchange agents . . . Next local manufacturers . . .⁴

If the wealthiest interests alone are examined, the merchant and banking interests do not appear to have been discrete groups. The very wealthy merchants tended towards banking.⁵ The private bankers were involved in the foreign and colonial business; they acted as London bankers for colonial or exchange banks;⁶ they held the bill-broking accounts of merchant bankers;⁷ became directors of the new railway and telegraph companies;⁸

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1. H.T. Easton, Money, Exchange and Banking (1905), 279.
 2. Powell, Money Market, 244.
 3. Ellis T. Powell, Mechanisms of the City: An Analytical Survey of the Business Activities of the City of London, (1910), 3.
 4. CCJ Dec. 1885 Supplement.
 5. See p.244 below.
 6. For example, P.C. Glyn - the London and Brazilian Bank; M.R. Smith - the Bank of Australasia; Sir C.W. Mills - the Union Bank of Australia, and the Imperial Ottoman Bank.
 7. The Rothschilds, for example, kept an account at Smith, Payne and Smiths, H.T. Easton, The History of a Banking House (1903), 76.
 8. Jervoise Smith - the Dunaburg and Witepsk lines; M.R. Smith - the San Paulo (Brazil) Railway; F.H. Norman - the Quebec Central Railway; J.H. Tritton - the Indo-European Telegraph.

and served on the boards of the companies formed during the period of new imperialism.¹ 'The City' was one community united through the activities and interests of its wealthier members. It was a huge and intricately organised community, whose very complexity makes it difficult to comprehend as a whole; but from 1882 onwards the City came to be represented by the London Chamber of Commerce, and it is the records of the activity of this organisation which provide the basis for the present study.

The London Chamber of Commerce was formed to produce a united City opinion, a City voice, at a time of change and challenge for the City's rapidly increasing power and wealth.² The organisation was representative and successfully promoted the interests of its members. Not only did it have elected members on its Council from all the various City business interests, but all the existing City organisations - including banking, shipping and insurance interests - sent official deputies to sit on the Council as their representatives.

This study begins in 1880, the year in which informal discussions were taking place about the possibility of reviving the idea of a chamber of commerce for the City. City businessmen were becoming acutely aware of the seriousness of competition from abroad; negotiations for the renewal of the commercial treaty with France were in

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1. R.B. Martin - the British North Borneo Company; Sir C.W. Mills - the Royal Niger Company.
 2. See the first section of chapter one for examples and details of the considerations mentioned in this paragraph.

progress; the possibility of an increase in tariffs was in the air; the importance of the Empire - as a consumer of goods and services - was thrown into relief at a time when the issue of colonial tariffs had to be faced; and protectionism was being revived as a political question at home. These were the circumstances in which the need for a chamber of commerce for the City was mooted, and these the considerations which ensured that when the suggestion was first officially and publicly put to City businessmen by the Lord Mayor at the beginning of 1881 it was enthusiastically received. The organisation was established within twelve months.

For convenience the thesis is divided into chapters dealing with three aspects of the City's activities, as refracted through the London Chamber of Commerce: firstly, the City's general views and related activity regarding the promotion of imperial federation, imperialism, a form of economic nationalism and free trade; secondly, specific examples of attempts to influence the government's foreign and colonial policy by particular businessmen through the agency of the Chamber with details of the economic interests involved; and, finally, the arguments and action taken to engineer the expansion of the British navy. All three of these aspects of the City's drive to survive and expand in the face of increasing competition abroad were interrelated: naval defence was part of the debate about imperial federation, as well as a necessary condition for the expansion of the Empire and of business interests outside the Empire; particular appeals for a forward government policy were

justified in the context of the more general arguments shaped to promote imperialism and imperial federation; and the City united both general and particular demands for imperialism and imperial federation with the question of naval expansion when giving its views as to which course would best protect its expanding interests throughout the world.

The interrelated topics as outlined here are divided into chapters so that each can be explored in detail; and in order to retain a sense of simultaneity, the thesis is split into two sections each covering a decade. The City's vigorous promotion of ideas and policies in the three interconnected areas are examined for the 1880s and then for the 1890s. This division into sections also has some justification in that during the 1880s the City was working for the establishment of naval expansion and imperialism against an initial inertia of indifference, whereas in the 1890s the momentum of the naval acts and the rapid spread of the Empire was to be maintained through the formation of bodies such as the Naval Defence Standing Committee and the British Empire League.

The study ends with the century, when many of the objectives which the City had promoted had been accomplished, though the City was not uniquely responsible for bringing them about. The Empire had been vastly expanded, naval strength hugely increased, the state had publicly committed itself to supporting British business interests abroad, and free trade had been maintained. In the new century new questions arose, and the same questions appeared in different or more challenging

guises. The second South African war, the adoption of imperial preference by Chamberlain, and the growth of the German navy constituted some of these changes and challenges.

The ideas, concepts and meanings fashioned and maintained by the City during the last two decades of the century are explored in chapters one and four. Where there were divisions, as over the sugar and silver questions,¹ the arguments were constituted so as to further the economic interests of those involved, just as they were on the questions which united the City - imperialism, imperial federation, naval expansion and freedom from state interference. The arguments were pressed with a view to facilitating profit-taking but did not directly reflect the economic reality which they were promoting as they were formulated with particular audiences in mind - domestic, colonial and foreign. For example, protectionism at home and within the Empire, as well as that instituted by other powers, was feared, consequently the maintenance of 'free trade' was a major aim of City propagandists. This did not mean, however, that the trade or business which was being justified by the term was necessarily free or open to all: far from it.

On the other hand, opinions in favour of Empire were not all in favour of free trade. The movement for imperial federation received part of its momentum from protectionists, and the City constituted its own arena -

1. See the section Within the City in Ch. 1, and the sections on Silver and Sugar in Ch. 4 below.

the Congresses of the Chamber of Commerce of the Empire - in which to battle for a free-trade interpretation of imperial federation which would ensure the continued and increased economic dominance of the City over the Empire. The protectionist element in the imperial federation movement was temporarily vanquished by the mid-nineties and this success was consolidated by the City's organisation of the British Empire League to replace the defunct Imperial Federation League.

The general ideational task of the City was to bring the moral stance of a civilising mission and the mid-century theory of political economy together with the economic nationalism of social Darwinism.¹ This was accomplished in an uneasy fashion which sometimes seemed to lack conviction.

Those States, which are most energetic in preventing by tariffs the free sale of British merchandise on its merits, are the first to appeal, and often successfully, to British financiers to assist them in promoting competition with British industries. British machinery is systematically financed with British capital to establish producing industries in foreign countries, with the result that home productions are displaced. Foreign land, foreign railways, foreign shipping, foreign building-trades, foreign labour are thus promoted by us, in competition, it might almost be said, with ourselves. Economically this is, no doubt, but the expression of that law of supply and demand, which, rising superior to the trammels of fiscal law, takes the smaller profit where it cannot obtain the larger, in preference to no profit at all.²

This difficult and contradictory position in which the London Chamber of Commerce found itself was apparent

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1. For 'Social Darwinism', see Burrow, op.cit., 20. The term 'survival of the fittest' was adopted by the City, see for example CCJ Nov. 1882 'New Markets', and June 1884 'Foreign Colonial Activity'.
 2. CCJ July 1889.

even in the first edition of its Journal. The front page proclaimed a cosmopolitan free-trade aim - to unite through the Journal all chambers of commerce of all nationalities by the regular exchange of information - but inside could be found a description of the 'egotism' and the fearful 'threat' which the French represented.¹ A perusal of later issues would have informed an inquisitive Frenchman of the danger to British preeminence which the Latin-Union had posed before it was temporarily destroyed by the Franco-Prussian war.² The City preached cosmopolitan free trade and criticised the economic nationalism of other states whilst promoting British economic nationalism as a justification for British imperial federation and the new British imperialism. From such an awkward ideational stance it hoped to maintain the growth of business and profits at a time of competition and depression.

Dealing with all three interrelated aspects of City involvement in the pressure for British imperialism has the advantage of bringing out the way in which the arguments and actualities of the consolidation and expansion of the Empire and the navy were interwoven. By presenting the City's views and efforts in this direction as a whole it becomes easier to see the way in which economic considerations were at the basis of the City's 'opinion'. The disadvantages of this approach, however, must also be mentioned. Essentially they emanate from the fact that little room is left to put the City's attempts

1. CCJ Mar. 1882.

2. CCJ July 1882.

to influence Government policy in the larger context of the way in which policy decisions were arrived at. This study does not address the wider questions which have been covered in a number of works on the period. Rather it is concerned with the specific case of the City's role and its interaction with government on particular issues.

There is no general agreement about the extent to which pressure groups were able to influence government and colonial policy at this time. On the one hand, there is the argument that the governmental decision-making process was almost autonomous.¹ On the other there is the deterministic view that political decision-making, whatever the political decisions in question, even the new imperialism itself, was undertaken in vain because it would have little effect in stemming the economic decline of the U.K. owing to the fundamental contradictions in the nature of society and the economy.² Nevertheless, from the activity of the City described in this thesis, it is clear that, at the time, it was understood that pressure from the City did influence policy, and that similar pressures could be exerted by others. This latter point is well-demonstrated by the care the City took in constructing its public statements so as to meet the arguments presented by rival organised groups. The fact that the City involved itself in gladiatorial battles for dominance in the arena of ideas suggests that the City

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1. Most recently, Paul M. Kennedy, The Realities Behind Diplomacy: Background Influences on British External Policy, 1865-1980 (1981), 59-61.
 2. Bernard Porter, Britain, Europe and the World 1850-1982: Delusions of Grandeur (1983).

felt that by successfully influencing state decision-makers it would, and did, positively affect the profit-making of City business interests for the better. The formation of the London Chamber of Commerce is the most conspicuous proof of this belief.

The vigorous efforts made by the City in the last two decades of the century, as shown below, also challenge a deterministic view of British economic activity, or one which assumes that all British businessmen were oblivious to, and could not respond rapidly and energetically to political and economic changes abroad, within the Empire, and at home. A contrast between rhetoric and reality does not necessarily imply, as has been suggested,¹ the adoption of a deterministic approach. Rather the difference between the two may be understood in terms of the disparity between public statements and private opinions; a discord which reflects the importance of particular groups in the political arena, be they foreign governments, colonial electorates, or domestic interest groups. Such an interpretation is indicated by the behaviour of the City in the late nineteenth century. It must be emphasised that it is the City's activities which are being examined here, and there is no attempt to address the question of the influence on policy by the City relative to that exerted by other domestic economic or political groups.

Two recent studies on the political activity of chambers of commerce regarding the new imperialism have differed over the importance of trade depressions in

1. B. Porter, *op.cit.*, xi-xii.

motivating or timing the British imperialism of the late nineteenth century.¹ However, both studies agree that businessmen were asking for state support, that foreign competition was a significant factor involved, and both recognise feelings of 'fear and insecurity' or 'economic panic' amongst the British business community.² This study of the City's chamber of commerce bears out the view that City businessmen realised that threats to their interests, often taking the form of foreign competition, demanded that the state should support them more enthusiastically and publicly. Whilst demands for imperialism were not necessarily limited to periods of trade depression,³ it would be difficult to claim that the formation of a well-organised business lobby, certainly in the case of the City, was not partly a reaction to the depression in trade,⁴ or that foreign competition was not related to the trade depressions.

The anxiety of businessmen was based on a variety of causes and there seems no convincing reason for excluding any particular one, rather it is important to rank them according to their significance. The close relationship between business interests and states has been described

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1. W.G. Hynes, The Economics of Empire (1979), and B.M. Ratcliffe, 'Commerce and Empire: Manchester Merchants and West Africa, 1873-1895' Journal of Imperial and Commonwealth History vii (1978-9), 293-320.
 2. For a reference to 'economic panic', see Hynes, op.cit., 141; for a reference to 'feelings of fear and insecurity', see Ratcliffe, op.cit., 307.
 3. Hynes, op.cit., ix, attempts to demonstrate that the pattern of economic motivation behind late Victorian expansionism was decisively influenced by crises in 'the British economy'.
 4. Ratcliffe opposes Hynes' view by claiming that Manchester pressure for imperialism resulted from the formation of a merchants' lobby.

as a general feature of the great depression,¹ and requires the greatest emphasis. The relationship between the City and the State is examined in chapters two and five, largely through the detailed demands for state support for City business: by expanding the Empire, for example the annexation of Upper Burma; by officially supporting business initiatives to other governments, for example in China; or by lending political authority to business companies by means of royal charters, such as the Royal Niger Company or the British South Africa Company. Given the variety of such activity, this study will consider imperialism to mean the wide spectrum of state activity which extended the power of the British state in the world. This ranged from occasional visits by warships to various parts of the globe, to the subsidy of shipping and communications, and the granting of royal charters; through the formation of protectorates, increases in the number of visiting or permanent British Residents, Consuls and police, military expeditions and campaigns; to the outright annexation and administration of territory.

The close relationship between City and State does not necessarily imply harmonious relations between the two, but it does imply an overlapping of economic and political interests in most circumstances. The power of the State and the wealth of the City are treated in this study as interdependent allies around the world. To ask whether a particular piece of diplomacy or imperialism was

1. Hans Rosenberg, 'Political and Social Consequences of the Great Depression of 1873-1896 in Central Europe' Economic History Review xiii (1943), 65.

economically or politically based, would be like asking which came first, the chicken or the egg. In any case the general question of what caused the new imperialism of the late nineteenth century is not addressed in this thesis, rather it is concerned with the contribution which the arguments and activities of the City at this time might make as part of the overall picture. Even then the full range of the economic activity of the City could not be included in this work. The huge outpourings of capital into South America and Australia in the second half of the 1880s, for example, are not examined. Attention is focused in chapters two and five on the activities of three major trade sections of the London Chamber of Commerce - the West Africa, South Africa, and East India and China sections.

The contrasting official and unofficial sides of the City's relationship with decision-makers and their advisers are analysed in these chapters. Examples of the detailed demands for state support by economic interests have been chosen to illustrate the activity of particular businessmen in London, and their private and public relations with political decision-makers. No attempt has been made to give a comprehensive picture of British and foreign interests in the regions cited. This is an unfortunate limitation, but as this thesis is designed to cover as broad a section of City activity as possible, it is necessary to give a number of examples and there is little space for an appreciation of all the possible factors in a particular region. This should be borne in mind if City interests seem at times in this work to have

been operating in a vacuum, or in isolation from other interests and activities.

The importance of the navy to British business interests abroad is often ignored when imperialism is discussed. Chapters three and six below trace the way in which the City, in conjunction with a handful of important naval officers who were critical of the state of the navy, began a persistent campaign which was designed to keep a series of ever-larger naval programmes rolling. The navy was presented as a form of insurance for British business abroad, even to the point where an exact insurance risk - based upon the amount of public funds spent on the navy per ton of trade carried by British shipping - was calculated. Publicly, the City was often in favour of peace and frowned on the arms race in Europe, but this did not preclude it from advocating war, or action which had the effect of accelerating the European arms race, if the expansion of its interests were at stake.¹

In revealing the City's promotion of naval expansion this study does not seek to present the City as the sole agent of the movement to create a larger navy, any more than to imply that the City was the sole private influence

1. Kennedy, op.cit., 27, suggests that the City was consistently peace-loving but he only provides two examples to support this contention. Opposing examples such as the attitude of The Economist in 1896 might be cited, see p.233 below. The danger for the historian is to mistake the City's public arguments for its private beliefs; in the same way as it could criticise the economic nationalism of other powers whilst promoting British economic nationalism, so it could criticise the expansion of arms abroad whilst leading the promotion of the expansion of British arms. Kennedy, like almost all historians, also takes the City's promotion of free trade at face value, see p.243, footnote 2 below.

on decision-makers, or the sole propagator of the movement for a larger Empire. What this thesis does seek to demonstrate is the hitherto largely-unacknowledged, leading role which the City played in these movements; the great effort it made to influence government decisions; and the fact that in the process it employed arguments which involved a particular form of nationalism. At a more general level, the interdependence of economic, political and ideational activity is made apparent in this study. The dangers for the historian of taking public language at its face value are exposed. The study as a whole is an appeal for a broader view of history, in which concepts such as nationalism are analysed in conjunction with associated policies, such as imperialism, and both are examined for a particular country in terms of the economic or political groups which promoted them.

SECTION ONE: 1880-1890

National morality, as anyone may perceive who gives the least attention to the legislative ideals of successive generations, depends very largely upon the balance of forces and interests within the social fabric. Let a new class emerge from obscurity and obtain political power, or let an old dominant class decay, or let mere mechanical inventions alter the distribution and habits of the population, and there will certainly follow real and effective, though possibly not obtrusive, changes in the public way of regarding social and national questions.

The Times, 26 Feb. 1892

CHAPTER ONE: City Opinion

We appear to leave trade, in far too many instances, in the matter of supply to its own resources . . . unless we provide better for trade extension than we appear to do, we should be prepared for trade dullness and contraction; . . . in the export trade we do not seem to be enterprising enough . . . while there is too much reason to believe that in this way we neglect the colonies altogether.¹

The need to be more diligent in searching for consumers, which the Bankers' Magazine warned was necessary in 1880, became urgent as the predicted trade depression of the early 1880s deepened. The total amount of bills, cheques and other transactions cleared by the Bankers' Clearing House during the 1883-4 financial year showed a decrease of more than £350m when compared with the previous year. Payments on stock exchange account days in particular were down by £164m.² This was a trend which continued into the middle of the decade. Banking and Stock Exchange business was falling off,³ and the price of money was falling along with the price of commodities.⁴ The profits of the leading City banks reflected this state of affairs.⁵ The economic conditions were ascribed to 'overproduction' and contrasted with the 'overconsumption' which had been the case ten years before.⁶

The reason for the overproduction was not hard to find. Britain was no longer the only workshop in the

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1. BM 1880, 457.
 2. E. Garnet Man, The Present Trade Crisis Critically Examined (1885), 10.
 3. BM 1886, 778 'The Coming Revival'.
 4. BM 1886, 465 'The Depression of Trade'.
 5. BM 1886, 778.
 6. BM 1883, 790 'The Present Condition of Trade'.

world and the chill of foreign competition was making itself felt with increasing severity. The main point which the Chamber of Commerce Journal, the monthly magazine of the newly-formed London Chamber of Commerce, hammered home in the early 1880s was the existence of foreign competition.

England is entering upon a new period of competition against the whole world, and the whole world is as well-organised, if not better, than we are. We no longer are the sole capitalists; railways, telegraphs, and steamships are owned elsewhere than within British boundaries. Metals, coals, and machinery are produced independent of us. Europe has grown out of our leading-strings, she has passed her apprenticeship, and if we continue longer on the old lines of laissez-aller we shall be outstripped in most trades as Bradford already is in combed-wool cloths. This must not be.¹

Competition was taking place in the context of increasing tariff-rates both in the British Empire and in Europe. Germany already had a tariff system, and the commercial treaty negotiations with France were going so badly for Britain in 1881 that the British Commissioners withdrew.² In 1879 Canada had raised its tariffs in order to increase revenue and to retaliate against the United States.³ This increased tariff also applied to British trade. It was in the context of this change that The Economist set out in 1880 to show what good customers the British colonies were, and what potential they possessed

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1. CCJ Mar. 1882, 2 'Minister of Commerce'; see also Apr., 21 and May, 66.
 2. Econ. 7 Jan. 1882, 3.
 3. B.H. Brown, The Tariff Reform Movement in Great Britain, 1881-1895 (New York, 1943), 14.

for the further expansion of British business. In a series of articles in the autumn the attractions of the Australias, British South Africa, and Canada were described in detail from an economic point of view,

we regard these possessions of ours as a first-rate field, if properly cultivated, for the utilisation of British surplus capital and population, and it is the main object of these comments to direct both where they may be employed to the best advantage.¹

The importance of the colonies to the City was well-demonstrated during the ensuing depression. It was estimated by the Bankers' Magazine that in 1883 more money had been subscribed to colonial loans and colonial enterprise than ever before.² Excluding India, the total lent to colonial governments was put at over £23m, of which £17m went to Australia. A further £10m went on colonial city and harbour works, railways, mortgages, banking and the like. India took a further £4m. The Economist estimated that half of all the subscriptions made in the City in that year had been to colonial loans or colonial enterprise and predicted that the rate of growth was bound to continue.³ Huge amounts were scheduled to be raised for Australian and Indian railways in the following year, £28m for India⁴ and £30m for Australia.⁵ By 1885 the expansion of British colonial banks was so rapid as to cause comment in the Bankers' Magazine.⁶

1. Econ. 27 Aug. 1881, 1073; see also 17 Sept., 1156, 8 Oct., 1244, & 22 Oct., 1305.

2. BM 1884, 18 'Colonial Borrowing'.

3. Econ. 16 Feb. 1884, 196. This was one of three articles on 'The Extent of Our Colonial Investments', see also 9 Feb., 160, & 23 Feb., 223.

4. Econ. 28 June 1884, 776.

5. BM 1885, 22.

6. BM 1885, 463.

The Formation of the London Chamber of Commerce

Other major cities of the United Kingdom had formed chambers of commerce a century earlier,¹ and an attempt to form a chamber of commerce for the City in the second decade of the nineteenth century apparently foundered on the rocks of government disapproval.² Between 1850 and 1880, thirty British chambers of commerce were established³ and particular interest groups also organised themselves into representative bodies⁴, including the Corporation of Foreign Bondholders in 1873 and the Institute of Bankers in 1879⁵ in the City. Suggestions were again made in the late 1860s that a chamber of commerce be formed in the City on the grounds that the Corporation of London no longer sufficiently represented business interests.⁶ Nothing came of that proposal or of another put forward at a meeting in the City of London Tavern in the following decade.⁷ The reason for the delay on the latter occasion was the refusal of a number of influential City firms to lend their support⁸.

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1. A.R. Illersic & P.F.B. Liddle, Parliament of Commerce (1960), 246-8 Appendix C. Glasgow, Dublin and Belfast formed chambers in 1783, Edinburgh in 1785, Manchester in 1794, Birmingham and Plymouth in 1813, Tyneside in 1815, Bristol in 1823 and Liverpool in 1850.
 2. Charles E. Musgrove, The London Chamber of Commerce 1881-1914 (1914), 1.
 3. Illersic & Liddle loc.cit..
 4. The Chamber of Shipping in 1878, the Association of Country Bankers in 1874, the Association of Chambers of Commerce of the United Kingdom in 1868.
 5. The Institute spoke for London bankers, Edwin Green, Debtors to their Profession: A History of the Institute of Bankers, 1879-1979 (1979).
 6. Benjamin Scott, Suggestions for a Chamber of Commerce for the City of London (1867). A copy is to be found in the City of London Record Office.
 7. Musgrove, op.cit., 2.
 8. The Times 27 July 1881, 4, see Samuel Morley's speech.

By 1881, however, the few opposing major firms were persuaded of the need for a representative body to speak out for the City because there were threats to the continued expansion of City interests on three fronts, domestic, foreign, and imperial.¹ Foreign competition was increasing and the commercial negotiations with the French marked a major stage in this movement. The enactment of the Canadian tariff was followed by a meeting in London between Canadian businessmen, represented by the Dominion Board of Trade of Canada (a sort of chamber of commerce), and representatives of British business at which the question of a uniform customs duty for the Empire was discussed.² The outcome of this conference on inter-colonial trade tariffs was the foundation of the British and Inter-colonial Trade Tariff Union Association.³ This event encouraged the British protectionists, an unrepresentative group of northern businessmen and some agricultural interests, to link their protectionist aims with the prospects of imperial federation. The coming negotiations with France crystallized the protectionist movement into the National Fair Trade League.⁴ The City faced the possibility of protectionism at home, abroad and from the Empire just at a time when foreign competition was becoming more severe.

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1. The Times 27 July 1881, 4, a speech by the Lord Mayor. For details of the formation of the chamber see S.R.B. Smith 'The Centenary of the London Chamber of Commerce: its origins and early policy' The London Journal, viii (1982), 156-170.
 2. The Colonies & India 18 Dec. 1880, 12.
 3. The Colonies & India 16 Apr. 1881, 9.
 4. Brown, op.cit., 23.

The process of creating a chamber of commerce for the City was begun in January 1881 when the Lord Mayor put the idea to a large gathering of leading bankers and merchants.¹ The suggestion was well-received and a few months later 800 circulars were distributed which convened 'a very large and influential meeting representing the whole banking, mercantile and trading interests of the City of London.'² An organising committee was appointed, and in October an application for incorporation under the Companies Act was granted by the Board of Trade. The provisional committee, having read a report on the methods of establishment of French, German and Belgian chambers of commerce and the various City organisations already in existence, resolved to adopt the Liverpool Chamber as its model.³ The attractive characteristic of this chamber of commerce was the composition of its council which not only had elected members but also gave places to representatives of existing interest groups and associations. The Times approved of the choice while stressing the difficulty of the task before the City - 'to raise a very bulky vehicle out of the rut' - with references to the reigns of the Plantagenets, Tudors and Stuarts when London was doubly represented commercially by its municipal authority and by its guilds and companies.⁴

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1. The Times 29 January 1881, 9 'A Chamber of Commerce for London'.
 2. The Times 27 July 1881, 4.
 3. The Times 19 Sept. 1881, 4.
 4. The Times 20 Sept. 1881.

Drawing upon his own experience as a City banker and director of the Bank of England, G.J. Goschen contrasted the influence that the new representative organisation would have on the government and public with the old method of raising City opinion.

What is the one great object of the association? It is to influence public opinion and the Legislature, and to bring about reforms which individual efforts would scarcely be powerful enough to achieve. Before these associations were formed, there was, to my mind, an unsatisfactory way of attempting to achieve similar results, and that was by petitions. I am rather an old member of Parliament, and I know how petitions are brought about. I know how busy men in their offices in the City, when they are opening or reading their letters, are interrupted by the entrance of two gentlemen, who request them to sign a petition, say with regard to bankruptcy. What happens is this. The gentleman who has got the petition presents it at the breast of the partner sitting there, and he says, "Your name or an argument". The question is asked, "Who have given their names? Have Barclay, Bevan, and Tritton done so?" "Yes." "Then put down our names and let us be rid of the argument".¹

The Times was also impressed by the representative nature of the new organisation and felt that it would have a very considerable influence upon the ministerial selection of measures 'to be pressed at all hazards'.²

The elected members of the first Council of the London Chamber of Commerce demonstrated the wide spread of interests which the organisation represented and the general meaning given to the term 'commerce'. There were fifteen merchants, six brokers of various sorts, five owners of wholesale warehouses (who described themselves as 'warehousemen'), three private bankers, two

1. The Times 25 Jan. 1883, 10. The speech was given at the first annual general meeting of the Chamber.

2. The Times 25 Jan. 1883.

shipowners, two stationers, one manufacturer and a brewer. The titles which such prominent businessmen gave themselves give no real indication of the extent and variety of their interests and connections. The term 'merchant' covered a wide range of activity; at this time, for example, the Rothschilds described themselves as merchants. More informative is a list of the directorships held by these businessmen which reveals a network of interconnecting interests. Half a dozen of the merchants sat on the boards of banks and insurance companies. The bankers had interests in shipping and insurance. Both bankers and merchants had seats on railway, telegraph and mortgage companies, as did the shipowners. Nearly the whole board of the London & St. Katherine Dock Co., including the chairman and his deputy, had been elected to the Council. Such a splendid array of wealthy and important businessmen connected with so many different interests testified to the significance which the City attached to the formation of the Chamber.

The representatives of existing City organisations which were given places on the Council were equally illustrious. The Institute of Bankers was represented by its president, Richard Bidulph Martin.¹ The General Shipowners' Society, and the Steamship Owners' Association delegated James Dixon² and William Conway Morgan

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1. Deputy chairman of the Corporation of Foreign Bondholders, a director of the Sun Fire Office, the Sun Life Assurance Society, the British North Borneo Co., and a partner in the private banking firm of Martin & Co..
 2. President of the Chamber of Shipping in that year, and a partner in Messrs. Harris & Dixon, coal factors, insurance agents and steamship brokers.

respectively. Nevile Lubbock¹ took the place allocated for the West India Committee, and George Martineau² that of the London Sugar Refiners' Association. The London Jute Association was represented by James T. Ritchie³, the General Produce Brokers' Association sent W.H. Peat⁴, and the Institute of British Carriage Manufacturers chose G.N. Hooper⁵. These men were in many cases permanent figures on the Council during the period under discussion. Other associations such as the London Cotton Brokers' Association and the London Corn Trade Association tended to change their representatives annually. The only major organisation not represented on the Council in its early years was Lloyd's, a deficiency which was remedied in the early 1890s.

The first President of the Chamber was Charles Magniac of Matheson & Co., a man active in the Corporation of Foreign Bondholders, on the board of the Russian Bank for Foreign Trade, and as chairman of the National Bank of New Zealand⁶. The chairman of the Council was Samuel Morley of the wholesale warehousing

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1. Chairman of the West India Committee at this time, brother of Sir John Lubbock, and a director of the Colonial Bank, the Royal Exchange Assurance, and the London & St. Katherine Dock.
 2. A partner in Messrs. David Martineau & Sons, sugar refiners.
 3. A partner in Messrs. William Ritchie & Sons, merchants, jute spinners, and manufacturers. He was the elder brother of the first Lord Ritchie of Dundee and was Lord Mayor 1903-4.
 4. A partner in Messrs. Lewis & Peat, colonial brokers.
 5. A partner in Messrs. Hooper & Co., carriage manufacturers.
 6. J. Herbert Tritton became president in 1886.

firm J. & R. Morley,¹ and his deputy was J. Herbert Tritton² of the private banking firm Barclay, Bevan, Tritton & Co., who had been secretary of the provisional committee which had arranged the formation of the Chamber. William Fowler, who had chaired the abortive meeting in the City of London Tavern in 1873, was the Chamber's treasurer.³

The immediate success of the London Chamber of Commerce was demonstrated by its rapid growth and the vigour of its magazine, the Chamber of Commerce Journal. By the end of its second year the Chamber had a larger membership and a greater income than any of the other major but more ancient British chambers of commerce⁴, and was given two seats on the Association of the Chambers of Commerce of the U.K. as a mark of this distinction. The Journal appeared within months of the formation of the Chamber, was welcomed and had the support of other chambers, and had a long life in contrast to earlier attempts to establish such a publication.⁵ It was an outstanding example of the way in which the City organised itself at a time when the rapid expansion of its economic

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1. He was regarded as an authority on trade by both sides of the House of Commons, resigned his seat as MP for Bristol in 1885, but refused a peerage from Gladstone which was offered to him as a non-conformist at the same time as one was offered to Rothschild. Samuel Hope Morley of the same firm was a director of the Bank of England.
 2. Vice-president of the Institute of Bankers, secretary of the London Clearing Banks, chairman of the General Steam Navigation Co., a director of the Indo-European Telegraph and the Marine and General Mutual Life Assurance.
 3. A director of the National Discount Co..
 4. CCJ, Jan. 1884, 8, London had 1,386 members and £3,124 a year.
 5. In 1868 The Chambers of Commerce had a short life, and in 1876 The Chambers of Commerce Chronicle had an equally brief existence.

interests and power in the world was being countered by foreign economic competition abroad and political competition at home.

Imperial Federation: 'The Old Manchester School is dead'¹

A notable feature of the new Journal of the City's chamber of commerce was the way in which it joined its voice to those of the existing City publications in promoting the economic importance of the Empire. Under the title of 'Colonial Federation' it warned its readers of the dangers of neglecting such valuable customers as the colonies and looked for an expansion of such possessions.

We have expressed the opinion, in former numbers of the Journal, that the British nation has not, of late years, taken that leading position in the creation of new markets which used to be a leading feature of its Colonial policy. We trust that the correctness of the assertion will be duly recognised and, that, quite apart from the spirit of annexation which appears to have developed amongst continental powers, we shall in our peaceful, practical way, proceed with the civilisation and commercial education of countries and tribes, which, though poor and savage today, may, under our guidance, be tomorrow well-to-do and friendly customers.²

The Journal kept up a steady demand for action on the part of the British state to rectify the situation and help create new markets. The days of laissez-aller were considered to be past. It had been the habit of government to follow the merchant's lead, supporting him only when vested interests had become established. This was acceptable in the past because consumers had been more numerous than producers and new markets had been

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1. CCJ Aug. 1886 Supplement, the words of Tritton, then president of the Chamber, in his opening remarks as chairman of the first Congress of Chambers of the Empire which was convened by the London Chamber.
 2. CCJ Dec. 1882 'Colonial Federation'.

easy to secure¹. In the 1880s however, the state was being asked to formulate and adhere to 'a national commercial policy', and it was to the absence of such an organised scheme that the difficulties facing business in the early 1880s were attributed.² Thought had to be given to 'the future of the Empire' and the formation of a federation which would 'bind together, for a few centuries at least, the markets which British blood and capital have created'³. The continued supremacy of Britain depended upon the Empire.

A brief review of European history since the sixteenth century shows how Italy, Spain, Portugal and Holland have risen into importance and then settled down into the comparative oblivion of second-rate powers in direct ratio to the growth and blight of their mercantile navies and the development and loss of their colonies . . . If the U.S. and Russia continue to develop economically at their present rate of progress, we, without our colonies, should find ourselves dwarfed and surpassed in the industrial race, just as irresistibly as we have gradually outgrown the maritime and colonial power of Spain, France and Holland.⁴

The term 'imperial federation' was first introduced into the London Chamber of Commerce in a memorial from a number of important City textile firms who requested that the Chamber use its influence with the government to urge the necessity of 'some scheme of Imperial federation which will unite the whole of our possessions under one flag in a powerful and sympathetic trading community'.⁴ The memorial was presented to the Council by David

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1. CCJ Oct. 1883 'Necessity for a national commercial policy'.
 2. CCJ Nov. 1883 'The Future of the British Empire'.
 3. Ibid.
 4. Ibid.
 5. CCJ Jan. 1884, 18.

Evans.¹ Later in 1884 a propaganda body called the Imperial Federation League was constituted and a number of important businessmen were prominent on its executive and general committees.²

The I.F.L. had first been conceived by a group of members of the Royal Colonial Institute³, many of whose founder members were businessmen associated with the Australia trade who had been part of the short-lived General Association for the Australian Colonies.⁴ Men such as Sir William McArthur and William Westgarth were active in the formation of all such associations, as well as the London Chamber of Commerce. The first session of the R.C.I. had opened with a paper by Westgarth on 'The Relations of the Colonies to the Mother-Country' and similar papers read at the society's meetings made clear the value of the colonies as a source of food supply and of raw materials for industry; as a market for manufactured goods; as a field for enterprise, profits and the investment of capital; and as providing active employment for shipping.⁵ Thus the relationship between

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1. A member of the textile trade section of the London Chamber of Commerce, and of the firm David Evans & Co..
 2. The executive included Sir William McArthur, P. Ralli, William Mackinnon and Donald Currie; the general committee included Sir John Lubbock, William Westgarth, Samuel Morley, S.B. Boulton and J. Goldsmidt.
 3. A. Folsom, The Royal Empire Society (1933); T.R. Reese, The History of The Royal Commonwealth Society (1968); James R. Boose, Memory Serving (1928); and two theses, R.A. McMillan Shields, 'The Quest for Empire Unity' (University of Pennsylvania, Ph.D., 1961), M.D. Burgess, 'The Imperial Federation Movement in G.B.' (University of Leicester, Ph.D., 1976).
 4. Labillière, op.cit., 12.
 5. Folsom, op.cit., 175-6. For example the paper given by Simmonds in 1874 Proceedings of the R.C.I., v, 13-70.

British capital and the need for imperial federation, apparent from W.H. Smith's speech to the conference at which the I.F.L. was founded in July 1884, was not itself new; the novelty lay in the prominence given to the importance of the connection.

I have no claim whatever to appear at a Federal meeting like this, for my connection with the colonies is exceedingly slight. It consists only of that connection which, I believe, all Englishmen have - a connection of interests, a connection of investment, and therefore I can only speak from the point of view of an Englishman desirous of seeing the interests of his country and the interests of the Colonies which are identified with England, promoted and advanced.¹

The extent to which British money was invested in the Empire was not left to vague impressions in the minds of politicians. In its three articles at the beginning of the year The Economist had estimated the amount of British capital invested in colonial securities², the amount of interest paid annually by each colony³, and the ability of the different colonies to bear such a drain on their resources.⁴ Most capital was said to be invested in India, £250m, of which £100m was in government loans and another £100m in railways, harbours, gas and local projects. Australia came a good second with £200m, £105m of which was in government loans and another £50m in banking, mortgage and agency investment. Canada provided a substantial third field for British capital with £112m spread between government loans (£30m), and railways, harbours and the like (£55m). The Cape was far behind in

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1. Report of the Conference, an I.F.L. pamphlet, in the Prothero Collection.
 2. Econ. 9 Feb. 1884, 160.
 3. Econ. 16 Feb. 1884, 196.
 4. Econ. 23 Feb. 1884, 227.

fourth place with a total of £30m, £20m of which were in government loans. Returns on all these investments varied according to the type of investment. Government loans averaged 4.375 per cent, India doing a little worse and sending only £4m on the £100m invested. Loans to provincial authorities, railways and the like did better averaging 5.25 per cent while India returned £6m on the £100m invested. Banking, mortgage and agency investments produced the highest return of 6.25 per cent, Australia doing particularly well with a £3.5m return on the £50m invested. Australia in fact gave the best return overall. It worked out at an astonishing £3.8s.4d per capita a year against India's return on the same basis of 11d. The Economist explained that this was acceptable as the respective per capita exports for the two populations were £15.14s., and 6 shillings.

During 1885 the London Chamber of Commerce continued its own promotion of imperial federation. Its third annual report described imperial federation as a question which had no superior in its importance for the development of the future business of London and the U.K.¹ A petition from the City which urged the Government to consult colonial governments on the question of imperial federation was sent to the CO in the spring², and in May the Journal imitated the statistical endeavours of The Economist and the Bankers' Magazine, and produced figures

1. CCJ Feb. 1886.

2. CCJ Feb. 1886, 49, the idea was put to the Council in January, Sir William McArthur moved the resolution at the February Council meeting, CCJ Mar., and the seal was affixed at the following Council meeting, CCJ Apr. 1885, 108.

for the per capita import of British goods into various countries and the colonies.¹ As might have been expected, this method did not present the jewel of the imperial crown, India, in a very good light, but other colonies came out well. Australia was put at over £10 a head a year; the Cape and Natal did well at £6; Canada, Guinea, and the West Indies managed £2 for each member of their populations. The European powers were low on the list at less than 10 shillings a head, with the surprising exception of Holland which bought more than £2.10s. a head of British goods a year. Apart from Holland the only other area of the world which compared favourably with the Empire was South America.²

Perhaps the most concise, official statement of the views of the City on the necessity for the consolidation of relations between Britain and the Empire as a means to stimulate the continued growth of City business abroad was elicited by the Royal Commission on the Depression of Trade in 1885.³ The commission sent out a questionnaire to all chambers of commerce and similar representative bodies. The executive of the London Chamber decided that each trade section should provide an individual reply on

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1. CCJ May 1885 'Our Best Customers'.
 2. Ibid., Uruguay rated over £3.10s. and the Argentine nearly £2.
 3. The idea of such an inquiry had been rejected by the ACCUK early in 1885 by a vote of 42 to 27, CCJ Mar. 1885 Supplement. When it was clear that such a commission was to be appointed the London Chamber tried to get a City MP on the body and sought the advice of the statistician and economist Sir R. Giffen for statistical information, RMB 2, executive meeting 15 July 1885.

the state of their trade¹, and an overall reply would be sent from the chamber as a whole.² The general reply rejected the notion of a business depression on the grounds that fluctuation was the rule not the exception in City business.³ Whereas the gross value and net profits of business had diminished and trade could be described as 'unprofitable' or 'unremunerative', the volume of trade was considered to be holding firm, and capital was in large supply, returns on it being lower than ever before.⁴

Question number thirteen, which asked for suggestions on how to improve the condition of business, was divided into two sections, the first for proposals which would require legislation and the second for those which did not. Imperial federation had originally been placed on the London Chamber's draft reply under the first section, along with a suggestion that the Emigration Bureau be re-established,⁵ but the executive made final alterations⁶ before the draft was laid before the Council, and imperial federation was removed to the second section. The final reply to question thirteen, section B, from the London Chamber of Commerce had five main points:

1. An increased and continuous recognition on the part of the Government of the great commercial interests of the country both at home and abroad.

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1. RMB 2, executive meeting 16 Sept. 1885. For the trade sections deliberations on the topic, see RMB 2 throughout Sept. and Oct..
 2. Trade section replies were returned to the executive by late October, RMB 2, 29 Oct. 1885. The general reply was shaped in meetings on the 12, 20 & 27 Nov. 1885 recorded in the RMB 2.
 3. CCJ Dec. 1885 Supplement.
 4. Ibid., see questions 4, 5, 6, 10 & 11.
 5. RMB 2, 12 Nov. 1885.
 6. CCJ Dec. 1885 'Depression of Trade'.

2. An extension and reform of the Board of Trade so as to make it a true Ministry of Commerce.
3. To use every effort to bring a closer commercial union between the Mother Country and her Colonies and Dependencies.
4. By the systematic development of New Markets in compensation for old.
5. By encouraging greater railway development in British Colonies and Possessions under Government guarantee if required.¹

The publication of this reply was accompanied by an editorial in the Journal which talked of the terrible mistake of 'economic shortsightedness' Britain had committed in 'divorcing the colonies from it'. Federation in some shape or other was proposed as the only cure for 'this portion of the problem'.²

It was not only by voicing its opinions to the public and Parliament that the London Chamber of Commerce promoted imperial federation. Its reply to question thirteen of the Royal Commission revealed that the City lacked confidence in the efficacy of legislative changes. The London Chamber of Commerce took the initiative in 1885 in a practical way by issuing invitations to the major British chambers of commerce to send representatives who would constitute an organising committee which would arrange a Congress of the Chambers of Commerce of the Empire.³

The response from the other British chambers was unenthusiastic. The Liverpool Chamber suggested that the MP Sam Smith could represent them if he agreed to the idea. He did not.⁴ Manchester declined to get involved

1. CCJ Dec. 1885 Supplement.
 2. CCJ Dec. 1885 'Depression of Trade'.
 3. RMB 2, executive meetings 2 & 23 June 1885.
 4. Minute Book of the Council of the Chamber of Commerce, (1883-1890) monthly meeting of 29 June 1885.

at all.¹ Dublin presumably sent a representative as Irish businessmen wished to remain part of the U.K., let alone the Empire, and the Dublin Chamber subsequently demonstrated great interest in the report given by its deputation to the Congress.² Glasgow had a chamber of commerce which was most closely in tune with the City at this time. The president of the Glasgow Chamber, Sir James Bain, already attended meetings of the Council of the London Chamber by official arrangement between the two chambers.³ Despite this general lack of support, the London Chamber went ahead with its plans and successfully organised the Congress to coincide with the Colonial and Indian Exhibition held in London in 1886. The Congress was held, with the permission of the Prince of Wales, in the conference room of the exhibition itself.⁴

Before the Congress could meet, the City businessmen found it necessary to give a vigorous demonstration of their belief in a united Empire. This was stimulated by Gladstone's intention to introduce the Irish Home Rule bill. A few days before the bill was introduced into the Commons, a meeting of 'merchants, bankers and traders' of the City was held in the Guildhall.⁵ It was attended by prominent businessmen of both political parties, particularly Liberals. The meeting was encouraged to put

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1. Proceedings of the Manchester Chamber of Commerce, 1885-1890 ordinary meeting of the directors, 30 Sept. 1885.
 2. Reports of the Council to the Members at the General Annual Assemblies or Meetings (1880-9), 1887.
 3. 103rd Report of the Directors of the Chamber of Commerce and Manufacture in the City of Glasgow (1886), includes the letter from the London Chamber.
 4. CCJ July 1886, 164. The City Corporation promised £10,000 for the exhibition, The Times 2 Mar. 1886, 10.
 5. The Times 3 Apr. 1886, 12.

party aside and remember only that they were Englishmen. The question put by Sir John Lubbock was whether a united Empire was to be maintained or not. The presence of so many important Liberal City men¹ was a clear statement that Gladstone could no longer rely on support from the City business community which, although Conservative MPs were elected, was still predominantly Liberal.² Although the resolution passed at the meeting referred to 'the interests of both Great Britain and Ireland' being injured by the proposed home rule, the point was clearly enunciated that the very shadow of the proposal had the effect of driving capital out of Ireland and lowering every Irish investment and security.

The City's aim behind its promotion of imperial federation was to secure the continued economic dominance of colonial business. The first four points on the agenda for the Congress of Chambers of Commerce of the Empire, as compiled by the organising committee, were the diversion of emigration to the colonies, the promotion of post and telegraphic communication, federation itself, and the codification and assimilation of commercial laws throughout the Empire.³ The improvement and reduction in price of postal and telegraphic links would bring tighter

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1. Lubbock, R.W. Crawford (former Liberal MP for the City), R.B. Martin (late Liberal candidate for the City), Prescott (Treasurer of the City Liberal Association), Tritton (late Treasurer of the London & Counties Liberal Union), Thomson Hankey, C.L. Norman (late chairman of the West Kent Liberal Association), 'and many other leading Liberals'.
 2. A list of the members of the City Liberal Club is in the British Library, 10348, ccc. 13.
 3. RMB 2, 25 Jan. 1886.

control of information and extend the role of the City as the centre of economic decision-making. The codification and assimilation of laws meant the extension of British laws to the Empire and their enforcement, again facilitating the continued economic dominance of British business over colonial.

By the end of June 1886 most of the U.K. chambers of commerce had accepted invitations to the Congress.¹ The Jersey Chamber of Commerce also agreed to send representatives. By far the largest contingent representing the Empire was the group for Australasia. Thirteen chambers from Australia and New Zealand, including one for Fiji, were to be represented. Canada had four, as did South Africa and India. The West Indies provided three, South America and Indo-China two each. The Hong Kong Chamber and the British Chamber of Commerce in Paris completed the list of acceptances.

The Journal announced the agenda of the Congress in June.² To the first four topics were added the state guarantee of war risks, the silver question and the reform of bills of lading. The exaggerated claims of the Journal for the popularity of imperial federation provided an encouraging start for the Congress.

From the Royal Family and the young Princes to Her Majesty's Government, parliamentary representatives and the press, to the commercial and general public, all classes in the old country are strongly in favour of an alliance offensive, defensive and commercial, if not political, with our relatives all over the globe.³

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1. RMB 2, 21 June 1886.
 2. CCJ June 1886.
 3. Ibid..

The London Chamber had brought together representatives from nearly 100 British and colonial business organisations¹ to advance the type of imperial federation which would be beneficial to City interests.

Tritton, as president of the City's chamber of commerce, was chairman of the Congress and gave a rousing introduction to the proceedings with the claim that 1886 marked the epoch of a great movement which tended to bind closer together the Anglo-Saxon race.

The old Manchester School is dead. Peace to its ashes! Long may they be undisturbed and may we never hear of them again. (Hear, hear and laughter). In place of them has arisen a young England - a young English school of thought and sympathy, far-reaching beyond anything which our fathers, with all their wide sympathies, ever knew or dreamed of . . . The question which we have to determine for ourselves is: Are we to maintain our greatness, our commerce and our maritime dependency. And, if so, by what means?²

There was consensus at the Congress for the resolution that the British Government encourage emigration to the colonies in order to establish a closer union between the colonies and the U.K. and to develop the resources and commercial interests of the Empire. The question of postal and telegraphic reform, although adjourned until the second day, was also supported unanimously by the

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1. CCJ July 1886, 165. Manchester and Glasgow were the two main absences from the list of 47 English and 6 Scottish chambers. There were 3 Irish chambers represented, Gibraltar sent one, Australasia managed a total of 18 in the event, and Canada 5. There was no change in the previous list of acceptances for other territories.
 2. CCJ Aug. 1886 Supplement. For a similar denunciation of the Manchester School, see Imperial Federation vol. 1, no. 1, 16. It claimed that the I.F.L. was proof that New Liberalism had outgrown the decaying condition of the Manchester School.

Congress. It was the central topic of imperial federation itself which provoked dissension.

The discussion got off to a bad start because the Marquess of Lorne¹, who introduced the resolution, put forward a motion different from that printed on the agenda. The original resolution had proposed that the Congress should send a deputation to ask the home government to consult colonial governments at once as to the best means of carrying out some efficient scheme of imperial federation. Such a suggestion was popular with the colonies, but the City had no wish for political federation if it could secure continued economic dominance of the colonial markets in a less official manner. Lorne played down in his remarks any idea of a significant change in the political relations between the U.K. and the Empire. In its place he presented to the Congress an insubstantial declaration expressing satisfaction at the existing status of colonial representatives and desiring that the colonies be consulted in reference to any commercial treaty on the grounds that such consideration would tend to develop trade within the Empire and its defences in time of war.² Despite strong objections from Sir Charles Tupper of Canada, Tritton said he was bound to put the motion as worded by the Marquess, and it was passed with nine dissentients. Tupper then managed to get the original printed motion put to the meeting which passed it unanimously.

1. Ex-governor General of Canada and son-in-law to the Queen.

2. CCJ Aug. 1886 Supplement.

The comments of the Journal on the Congress emphasised the business view of imperial federation and pointed out the economic basis of the renewed interest in the Empire, attributing the decline in the popularity of the Manchester School and the realisation by businessmen of the importance of the Empire to the effect of foreign competition.

The idea of a British Empire has, curiously enough, sprung rather from commercial requirements, and from the necessity of efficiently protecting our ocean trade, than from the political situation, or from the intelligent foresight of our statesmen. In Government circles our Colonies have been considered rather as elements of financial and political weakness, than as a source of strength, of production, and of increasing consumption. How is it that, in less than ten years, the theories of the old Manchester School, of which, in the past, Mr. John Bright and Mr. Gladstone were leading exponents, have come to be reversed?

We believe that the considerable development of foreign competition, more especially that stimulated by tariff exclusions and by the building up of industries with State assistance, has done much to open the eyes of British traders to the economic value of our Colonies.¹

The ideal form of imperial federation was envisaged as 'An Anglo-Colonial Commercial Union' which was reducible to two points, commercial development and mutual defence.

The Congress, which brought together business representatives of the Empire, and launched a tremendous attack upon the existing ideas of Gladstonian Liberalism, was impressive. In conjunction with the I.F.L. conference and deputation of the same summer, it may be considered as responsible for Lord Salisbury's Government sending out invitations to the self-governing colonies to attend a

1. CCJ Sept. 1886.

Colonial Conference on imperial defence and imperial communications to be held in April 1887.¹

The London Chamber capitalised on the Colonial Conference and maintained the momentum of the movement. It convened a meeting of representatives of British chambers of commerce to be held on the last day of the Colonial Conference. Representatives from 17 British chambers arrived and letters of support were sent from a further 12. An address was given in the presence of many prominent figures by Sir George Baden-Powell on 'The Commercial Relations of the British Empire'. Lord Carnarvon, for example, added his voice to the discussion and repeated the City definition of imperial federation - commercial relations and defence.²

For all the excellent progress and publicity which these efforts were achieving, the British public was not stirred to any significant degree. Lord Rosebery had to warn the I.F.L. in 1887 that unless a guarantee of £1,000 a year could be arranged for the following three years there was little justification for the League to continue in operation.³ Labillière, one of the League's founders, admitted that the funds of the society from the beginning

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1. John Kendle, The Colonial and Imperial Conferences 1887-1911 (1967), 8. The circular was sent out by Stanhope on 25 Nov. 1886. Kendle is one of the few historians to mention the importance of the role of the London Chamber of Commerce in this affair. Labillière, op.cit., 31, includes the London Chamber in his list of those groups which materially aided the cause of 'Imperial unity and organisation'. For the colonial conference see The Times, for example 18 Mar. 1887, 5; and the journal of the I.F.L., Imperial Federation, Aug. 1886 for the I.F.L. Conference.
 2. CCJ June 1887 Supplement; The Times 10 May 1887, 12.
 3. Imperial Federation Dec. 1887, iii. The statement had been made on 6 July 1887.

were provided by a few rich generous supporters, and that sufficient importance had not been given to the enrolment of a large number of annual subscribers of small funds.¹ If such a broad church as the I.F.L., which contained prominent politicians, protectionists, navalists and businessmen, could not attract sufficient support, it could be said that public interest in the Empire was indeed lacking.² By March 1888 there were only 13 branches of the League in the U.K., of which two were in Scotland. Canada had a further six branches.³

Efforts to gain support for the I.F.L. were made at the ACCUK meeting in March 1889,⁴ and a City branch of the League was established by July.⁵ Sir John Lubbock, the president of the London Chamber, became president of the branch. The event was launched at a public meeting in the City in November.⁶ Rosebery, Carnarvon, Brassey, Colomb, Tupper and R.N. Fowler were all on the platform; even Cardinal Manning was there. The Lord Mayor moved a resolution which called upon the citizens of London to support and subscribe to the branch. Rosebery sought to inspire the meeting with racial flattery and was cheered when he declared that the future of civilisation rested with the Anglo-Saxon race. The Cardinal also flattered those attending with references to the supremacy of British business abroad. Fowler and Carnarvon put forward

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1. Labillière, *op.cit.*, 31.
 2. But it is not true to say that it lacked support from prominent businessmen, as suggested by Robinson & Gallagher, *op.cit.*, 15.
 3. Imperial Federation, Mar. 1888, 58.
 4. CCJ Apr. 1889 Supplement.
 5. CMB 1, 11 July 1889, it met in the Chamber's boardroom.
 6. Imperial Federation 1 Dec. 1889, 274.

a resolution which called upon the Government to convene a second Colonial Conference.

In October 1890 a committee was appointed by the London Chamber of Commerce to set in motion the process of organising another Congress.¹ The forces battling for a City version of imperial federation were regrouping for a second assault upon the government and the public to try to achieve in the 1890s that which they had failed to achieve in the 1880s.

The City's 'National Commercial Policy' - Imperialism

It was a small step from promoting the maintenance of the Empire to proposing that the Empire should be expanded. In the context of the need for new markets and the increasing foreign competition, the activity which established the existing Empire could easily be invoked as a model for future policy.

We are a colonizing nation . . . New efforts are forced upon us, both by the growing necessity for new markets, and by the activity which French, Russians, Italians, and Germans are displaying in exploration and annexation. It is time to renew in Asia and in Africa, with modern improvements, the policy of the East India Company from which our Indian possessions originated.²

During the autumn of 1883 there was a demand that the state should take a more active, leading role in the expansion of British business abroad. The urgent need to find consumers was presented as the 'Necessity for a National Commercial Policy'.³ The absence of a rational

1. CCJ Nov. 1890, 262. CMB 1, 9 Oct. 1890.

2. CCJ Nov. 1882 Supplement. The comment was made on the occasion of A.R. Colquhoun's paper on his expedition from Burma to south-west China.

3. CCJ Oct. 1883.

state policy, it was argued, had lead to the difficulties in which business found itself.¹

What the London Chamber of Commerce was advocating was a 'British Colonial Policy', that is to say a rejection of laissez-aller and the instigation of a national movement with two objectives; the one 'a repetition in Africa of the action which had founded our Indian Empire. The other, a movement of concentration and consolidation of our present possessions.'² It was thought at that time that the latter aspect, 'the union of the naval, financial, mechanical and industrial experience of the old country to the territory and raw materials of the new'³ could be put into operation first, as the most immediately necessary, but events during the next month changed the mind of the City, both objectives became equally urgent. Under the heading 'Foreign Colonial Activity', the June editorial of the Journal contended:

The events of the past month are of too important a character to be passed over in silence, even though allusion to them forces us once more to deal with the colonial policy - or absence thereof - of the British Empire.

. . . we are now entering upon a period of competition . . . which unless noticed and met, is likely to be most dangerous, and menaces to undermine our base. We allude to the efforts which are being made by our rivals in the direction of colonisation and the development of new markets.⁴

There was a note of desperation in the editorial which had its origins in the details of the proposed Congo Treaty, the German colonisation of Angra Pequena in south-west

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1. CCJ Nov. 1883.
 2. CCJ May 1884.
 3. CCJ May 1884.
 4. CCJ June 1884.

Africa, and the success of the French campaign in Tonkin. An indication of this concern was that trade sections for West Africa and for South Africa were formed within the London Chamber at this time.¹

The middle of the 1880s was also a time when German and French businessmen were promoting colonial policies for their states. The Deutsche Kolonialverein had been formed in 1882,² and the Parti Colonial began to organise parliamentary pressure at about this time.³ The term 'colonisation' meant economic expansion to many European businessmen. In France Jules Ferry employed the much repeated definition: 'La politique coloniale est fille de la politique industrielle'.⁴ In Germany the word meant the establishment of trading stations, or the acquisition of spheres of commercial influence overseas, as well as a state-directed policy of overseas or adjacent expansion.⁵ There was no doubt in the mind of the Journal of the

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1. The West Africa trade section minute book, 1884-1903, and the South Africa trade section minute book, Guildhall MSS 16, 504.
 2. Woodruff D. Smith, 'The Ideology of German Colonisation, 1840-1918' (University of Chicago, Ph.D., 1972); Hartmut Pogge von Strandman, 'The Domestic Origins of Germany's Colonial Expansion under Bismarck', Past and Present xlii (1969), 140-159; Fritz F. Müller, Deutschland-Zanzibar-Ostafrika (Berlin, 1959), 50; Perard, op.cit., opposes the idea that German high finance and heavy industry led the colonial movement but gives evidence of many very influential German businessmen being involved.
 3. C.M. Andrew and A.S. Kanya-Forstner, 'The French "Colonial Party"', Historical Journal xiv (1971), 99-128; L. Abrams and D. Miller, 'Who were the French Colonialists?', Historical Journal xix (1976), 685-725.
 4. Pierre Guillen, 'Milieux d'affaires et imperialisme colonial', Relations Internationales i (1974), 57-69.
 5. Mary E. Townsend, The Rise and Fall of the German Colonial Empire, 1884-1918 (1930), 3-16.

City's chamber of commerce as to the economic origins of 'The Scramble for Colonies' which began in the 1880s.

One of the most interesting economical features of the year 1884, will, when its history is written, prove to be the present scramble of European Powers for new colonies. There can be little doubt that this movement is the direct result of the industrial development of the large States of Europe . . . continental trade is at present growing more rapidly than our own. It is consciousness of this fact, doubtless, which has stimulated and produced the late movement in favour of new colonies by France and Germany.¹

Competition from foreign business interests abroad, in many cases supported by European states, came to be expressed in terms of a battle between nations for economic survival. The interdependent aspects of international trade were ignored and the profits of merchants, ship-owners, and financiers were projected as vital national interests which were threatened by enemies. The state and business interests were perceived as being so close that not only did war become a metaphor for the economic struggle between business interests from different countries, but the competition for profits was seen as a replacement of armed conflict. 'A commercial treaty is cheaper and often as effectual than an invasion, and an adjustment of tariffs may injure a rival as much as a campaign.'² States were in a perpetual state of war, commercial negotiations assumed the importance of military strategy. This view of international relations between the great

1. CCJ Oct. 1884.

2. The Times 25 Jan. 1883. The CCJ expressed similar views, even in the field of shipping competition, for example CCJ Sept. 1883 'British Shipping' - 'The modern phase of the economic war is for the possession of new markets . . .'

powers might best be described as economic nationalism.

The urgency of the situation caused by increasing competition was such that the City could not wait for British colonists to emigrate to new territories. Finance itself was to spearhead the expansion of the Empire.

Let us make up our minds that the trade of the future will have to be conducted on new principles. We can no longer wait for markets to reach, unaided, the condition of settled peaceful and financially organised States. We shall have to interfere, more actively than in the past, in anticipating these results. Colonisation and future annexation can be obtained by financial means as easily, perhaps more easily, than by streams of immigrants. The bondholder is a greater land grabber than the colonist. Let us open our eyes to the truth of this fact, and a great step will be realised towards the development of new markets.¹

By the end of the decade the demand was being made that the state should annex territory wherever it was possible and without hesitation, official British Residents should be supplied wherever a request for them was made, and the government should publicly declare a determined policy of holding all lands opened up by British enterprise so that security of investment, law and order, and trade could be established.² The mutual dependence of the City and the State was clearly expressed in the context of ever increasing competition.

Capital, in fact, is entering into the competitive period, as industry did some 25 or 30 years ago. The profits of capital are being constantly reduced, both on commercial investments and on securities, its holders are becoming more enterprising than they were, and are constrained to go further afield in search of higher remuneration. . . . The power and status of the British Empire depends fully as much on its financial strength as on its industrial resources. Any weakening of its financial position

1. CCJ May 1885.

2. CCJ June 1889

would react immediately on the Government, and would be felt as acutely in the diplomatic as in the commercial world. . . . Credit is the basis of all modern commercial operations, whilst national credit is fully as valuable to the individual as to the community.¹

The expansion of Empire was desirable in order to maintain the expansion of business abroad, and the continued expansion of business abroad was essential in order to maintain the dominant, powerful position of the state throughout the world. This was how the City saw the economic and political future of Great Britain at the end of the 1880s.

If the London Chamber of Commerce was to be at all convincing in calling for a forceful policy of imperialism, existing ideas and concepts had to be replaced or reshaped. The old Manchester school had to be superseded by a school of new imperialism, old Liberalism by new Liberalism. The operation of grafting old ideas on to new policies, whilst simultaneously introducing new concepts, was a delicate one. The problem of docking economic theory with political expediency called for great agility of mind and a dogged adherence to the practical demands of business. The whole issue revolved around the role of the state in the economic life of the country. Such a task was fraught with danger as interests other than those represented by the City were also proposing new ideas and demanding state action; in addition, not all City interests were equally well served by the new stance which the City was taking.

In the 1880s many interests in Britain were actively

1. CCJ July 1889.

involved in promoting a change in the role of the state, and most would have agreed that the days of laissez-faire and laissez-aller were over. The socialists wanted the state to take up ownership of the means of production and distribution. The protectionists wished the state would erect tariffs in their favour. A broad distinction could be drawn between the City, which wished to see the state active abroad but unchanged at home, and socialism and protectionism which pressed for the state to be more active at home. The City was in the difficult position of arguing against state interference and in favour of laissez-faire at home, but in favour of state aid abroad.¹ Attempts to come to terms with this difficulty had resulted in Lord Farrer's The State in Relation to Trade (1881), George Baden-Powell's State Aid and State Interference (1882) and had inspired an address by G.J. Goschen to the members of the Philosophical Institute at Edinburgh,² and the Bankers' Magazine reproduction, in 18 closely-typed pages, of an address by the French economist Leon Say to the Cercle St Simon.³ It is not possible therefore to talk simply of the City being for or against free trade or laissez-faire. Its position was constantly tailored to suit specific circumstances in order to protect particular interests.

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1. CCJ Dec. 1885 'The Depression of Trade' - 'The old theory of laissez-faire has been, with national consent, apparently applied to our foreign, our colonial, as well as our domestic policy'.
 2. Laissez-faire and Government Interference (1883).
 3. BM 1884, 349 'State Intervention in Business Matters', the address concluded that the tendency towards centralisation had increased under the influence of the Manchester school. The address was on 'State Socialism' which the BM 1884, 585, equated with state interference.

Protectionism

The promotion of protectionism, which began in earnest at the beginning of the 1880s with the formation of the National Fair Trade League,¹ was concerned with the approaching renewal of the commercial treaty with France,² and the N.F.T.L. manifesto of 1881 emphasised the role of the Empire in the future British trade prospects of Great Britain.³ Like the London Chamber of Commerce, the League was concerned about the problem of foreign competition and proposed imperial federation as part of the solution; unlike the City, protectionists called upon the state to protect their interests by raising tariffs against competing imports.

The degree of support for tariff protection at this time must not be exaggerated. It might well have been true that a number of northern chambers of commerce were

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1. Brown, op.cit., 17. The most prominent members of the League were the worsted manufacturer W. Farrer Eckroyd MP, the silk manufacturer S. Cunliffe Lister (later Lord Masham), Samson S. Lloyd MP - manufacturer and chairman of the Birmingham company Lloyds Banking, David McIver MP - shipowner and chairman of the Liverpool Steamship Owners Association, E.C. Healey - founder and proprietor of the Engineer, T.W. Fenton of the Dewsbury Chamber of Commerce, and James T. Edgecome - journalist and editor of various fair trade publications.
 2. Ibid., 23.
 3. Ibid., 27.

questioning the concept of free trade,¹ but not even the Bradford Chamber of Commerce would countenance the protectionist aims of the fair traders.² Other interests, however, were increasingly willing to commit themselves to a protectionist policy, the most important and influential being the agricultural interest. As the effects of the importation of cheap wheat and frozen meat from America made themselves felt,³ British farmers gave mounting support to the National Fair Trade League which they controlled completely by 1887.⁴

Rents from farms had begun to fall from 1879 onwards and the ability of land owners to borrow, using their agricultural land as security, was dramatically diminished.⁵ The numbers of workers in agriculture, fisheries and forestry were exactly the same in 1881 as they had been in 1801 but as a proportion of the total labour force they had dropped from 40 to just over 12.5 per cent.⁶ The total value of the contribution which agriculture made to the national income was the same in

1. Brown, op.cit., 10.

2. Ibid., 17.

3. J.D. Chambers & G.E. Mingay, The Agricultural Revolution (1966), 209. Between 1875 and 1900 imports of wheat and grain increased by 90%, meat by 300%, butter and cheese by 110%.

4. Brown, op.cit., 84 & 138.

5. Chambers and Mingay, op.cit., 167 & 177. On borrowing, see the article by David Cannadine, 'Aristocratic Indebtedness in the Nineteenth Century', Economic History Review, xxx (1977), 646.

6. Chambers & Mingay, op.cit., 208. By 1900 the figure was just 10%.

1901 as it had been in 1851, but its share of the total had been reduced from 20 to under 6.5 per cent.¹ The agricultural lobby was well-organised, however, perhaps better organised than the business lobby. The Royal Commission on Agriculture was at work five years or so before that on trade. Chambers of agriculture were as widely established as chambers of commerce, and the Central Chamber of Agriculture, founded at about the same time as the ACCUK, had a parliamentary committee to keep a close watch on its interests.² In 1887 the agricultural parliamentary committee was 176 MPs strong in contrast to the 40 or 50 MPs who could be mustered in the businessmen's cause.³ During the 1870s the ACCUK and the Chambers of Agriculture had met as a joint committee in order to study the possibility of the establishment of a Minister of Commerce and Agriculture.⁴ The bill to create a Minister of Agriculture was given Royal Assent in August 1889, while the chambers of commerce were still pressing for a minister of commerce.

It was perhaps the support of the landed interests which enabled Howard Vincent to gain the endorsement of the Conservative Party Conferences for the fair trade movement in the late 1880s.⁵ Such support could be contrasted with the vain attempt made in the ACCUK in 1888 to

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1. Chambers & Mingay, *op.cit.*, 210.
 2. For details, see The Chamber of Agriculture Journal, and Farmers' Chronicle founded in 1869, for example the supplement 14 Feb. 1881.
 3. CCJ Apr. 1887, 73 'A Parliamentary Commercial Committee'.
 4. A.H.H. Matthews, Fifty Years of Agricultural Politics (1915), 246-8.
 5. Brown, *op.cit.*, 69.

gain a vote in favour of a change in the fiscal arrangements between Great Britain and the colonies: this received only four votes.¹ As early as 1881 The Economist had felt that the voting behaviour of the Conservative MPs warranted the assumption that the party had adopted protectionism.² For the 1885 general elections the National Fair Trade League published 100,000 tracts and pamphlets.³ The split in the Liberal Party over Ireland a few months later resulted in the Conservative Party being dependent upon the votes of the Liberal Unionists, a political group supported by most City businessmen. This dependence upon the free trade Unionists put the matter of fair trade outside the sphere of practical politics so far as the Conservatives were concerned.⁴

Fear of the protectionist lobby was sufficient to cause the Bankers' Magazine and The Economist to oppose it from the beginning.⁵ When the Royal Commission on the Depression of Trade was appointed in 1885, a number of well-known protectionists were given places on it. The Liberals feared that the commission was to be used to promote protectionism and Gladstone told his colleagues to

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1. CCJ Mar. 1888, Supplement.
 2. Brown, op.cit., 59. See also Lord Salisbury in Econ. 19 Apr. 1884.
 3. Brown, op.cit., 64.
 4. Ibid., 62.
 5. BM 1880, 268 'Protection, Reciprocity and Free Trade'. The ACCUK was vigilant from the beginning as well. When a resolution hinting protectionism was put to it in 1881, the meeting expressed its opinion that the principles of free trade formed the soundest basis for the extension of British trade before allowing the original motion to be passed, ACCUK Reports 1877-1883.

'Touch not, Taste not, Handle not'.¹ The commission's main report was said by the Journal of the London Chamber of Commerce to support the view that remedies for the depression of trade depended for their application on private enterprise and not on state aid.² There were two minority reports, however, the larger of which was protectionist in outlook.

Within the City

Obstacles to the already difficult task which faced the City in its attempt to bring about a change in political ideas and economic principles did not originate solely from provincial manufacturers, landed interests and the working class. Certain interests within the City itself were experiencing conditions of business which they felt could be altered by methods which the majority of the City condemned, initially at least, as protectionist. The major questions which presented difficulties from inside the City were those of sugar and silver.

Foreign governments which subsidised their sugar production threatened the expansion of the already considerable wealth of the proprietors, merchants and bankers connected with the British West Indies and British Guiana which had long been well-represented by the West

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1. Brown, op.cit., 63. Dunraven, Eckroyd, Nevile Lubbock and Muntz had been appointed. Shaw Lefevre, William Fowler and L.K. Cross had received Gladstone's advice and refused to serve.
 2. CCJ Feb. 1887, 26.

India Committee.¹ Nevile Lubbock,² brother of Sir John Lubbock, was chairman of this Committee and represented it on the Council of the London Chamber of Commerce. George Martineau sat on the Council as representative of the London Sugar Refiners' Association, and Sir George H. Chambers,³ who was a prominent member of the West India Committee, was an elected member of the Council during its early years.

The European beet industry had taken possession of more than half of the supply to the British market. The West Indian and British refining interests proposed that the manufacture and refining of sugar should take place in bond and that duties could then be collected as the final product went to the public. What they suggested was an international agreement in order to prevent any of the countries involved in sugar production from competing unfairly with their rivals.⁴ A select committee of the House of Commons had recommended in 1880 that an international sugar conference be convened to try to put an end to the subsidies which foreign states paid to sugar

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1. Douglas Hall, A Brief History of the West India Committee (Caribbean history pamphlets, St. Lawrence, 1971).
 2. Nevile Lubbock was a director of the Colonial Bank which dealt mainly with the West Indies, the Royal Exchange Assurance, and the London & St. Katherine Dock. In the 1890s he became a director of the Demarara Railway Co., and the Colonial Co..
 3. Chambers was a partner in Messrs. T. Daniel & Co., merchant & shipowners, as well as being the chairman of the Barbados Railway Co., deputy-chairman of the Demarara Railway Co., chairman of the London & St. Katherine Dock Co., and a director of the Imperial Fire and Imperial Life Insurance Cos.. He was succeeded on the Council in 1887 by Edward Chambers of the same firm.
 4. CCJ Jan. 1888, 3.

producers within their boundaries.¹ It was a vote on this question in the summer of 1881 that had alarmed the free trade sensibilities of Gladstone and disturbed The Economist². The National Anti-Bounty League was formed at about the same time to speak for the combined sugar interests, and it was not averse to colluding with fair traders.³

An elaborate campaign was launched in the City by the West India Committee in 1884 when the Lord Mayor attended a small public meeting held at the Mansion House,⁴ and after which a deputation presented their views to the CO.⁵ The movement managed to survive the period when parliamentary time was consumed by the Irish debates, and in 1887 new impetus was added by the support which the colonial conference gave to the issue.⁶ In the same year the British and Colonial Anti-Bounty Association was formed with Nevile Lubbock as its chairman, and the sugar lobby formed a parliamentary committee which pressed for the recommendations of the 1880 Select committee to be carried out. In July the government announced that a conference was to be convened.⁷

The sugar lobby presented their cause as one of free trade. The possibility of an international convention resulting from the 1887 Sugar Bounties Conference was

1. Brown op.cit., 39.

2. Ibid., 59. The vote was lost by the sugar interest 153:80 but Gladstone was sufficiently worried to suggest that the Cobden Club have 180,000 copies of the speeches by Cross and Chamberlain published.

3. Ibid., 43 & 48.

4. The Times 23 June 1884; & 14 July 1884, 8.

5. CCJ Sept. 1884, 248.

6. Brown op.cit., 99-100.

7. Ibid., 43-4.

eulogized by those with an interest in the sugar business as the acme of free trade.

Inasmuch, therefore, as the proposed convention, which is the present outcome of the Conference, proposes to remove an artificial interference with the natural course of an industry, it is deserving of the hearty approval of all believers in Free Trade. Should the Conference succeed in removing the protective barrier to the free exchange of sugar . . . it will become historical as the first practical attempt to bring about a general agreement to adopt Free Trade in one commodity of almost universal consumption.¹

The fact that the sugar interest felt it necessary to justify their actions in terms of free trade gives a good indication of the opinions and fears of the more influential groups within the City regarding interference by the state in business matters. Had the way in which the sugar bounties were to be ended and freedom of trade enforced come to the fore, the presentation of the move as a step towards free trade would have been more difficult.

The silver question was another issue which had influential but by no means universal support in the City. This question arose out of the appreciation in the value of gold and the relative fall in the price of silver. This meant a loss in exchange business to those who dealt with countries whose currency was solely based upon silver. Businessmen who supported the idea of fixing the

1. CCJ Jan. 1888, 3.

value of silver to that of gold - usually at a ratio of 15 to 1 - took the name of bimetallists. Most City men and nearly all the bankers were against an interference with the value of precious metals, particularly that of gold. It is important to bear in mind, however, when following the arguments against state interference and in favour of the free market in gold, that the Bank of England at this time ensured a basic minimum price for gold. Indeed this price was often raised during the 1880s in order to bring more gold into the country and to attempt to control the market bank rate.¹ There was no more a completely free trade or free market for gold than for any other commodity.

As early as 1880 bimetallism was considered enough of a threat by the banking fraternity to warrant the publication of counter arguments.² A long paper which purported to demonstrate how unsound was the economic theory of bimetallism was printed in full in the Bankers' Magazine³. The Economist argued for the freedom of supply and demand.⁴

In February 1881 the Governments of France and the U.S.A. had invited the U.K. to take part in a conference on bimetallic currency. The representatives of 18 governments were sent to the conference, including Britain. The representatives of some of them, including Germany and the U.K., were instructed to declare at the

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1. R.S. Sayers, The Bank of England Operations, 1890-1914 (1936), 74.
 2. BM 1880, 267-8.
 3. BM 1880, 359. It had originally been read to the Manchester Statistical Society.
 4. Econ. 8 Apr. 1882.

outset that their governments had definitely adopted the single gold standard and were not to be understood to be contemplating any fundamental change in their monetary system. Clearly little could result from such a beginning.¹

Arguments against adopting bimetallism in England in the early 1880s were not very sophisticated. Even in a series of serious articles for the Journal of the London Chamber of Commerce, written by John Henry Norman, rhetoric surfaced.

It seems only natural that the greatest value in the smallest bulk would be the most suitable to the highly civilised and wealthy. Take India for instance, where the bulk of people are only just emerging from the use of shells as currency, but where, at the same time, there is a system of State note issue, confined to the State which has worked well. Surely no one would say that the people require a gold currency.²

Had bimetallism succeeded it would have been a useful precedent for protectionists. The Royal Commission on the Depression of Trade included the question of silver depreciation in its questionnaire to chambers of commerce.³ The London Chamber of Commerce admitted that the depreciation had resulted in the disorganisation of much of the trade with silver-producing countries, but the reason for the depreciation was ascribed to the increase in supply of the metal and a decrease in demand. The total effect of the changes in value of silver and gold

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1. Parl. Papers (1881) LIII, 797 'Report of the Hon. C.W. Freemantle CB, delegate appointed to represent H.M.G. at the International Monetary Conference at Paris 1881'. For the City's view, see BM 1882, 367.
 2. CCJ Aug. 1883, 221; Sept. 1883, 258; & Oct. 1883, 293.
 3. CCJ Dec. 1885 Supplement.

was considered to be the curtailment of profits of all producers in gold-using countries. An article in the Chamber's Journal described the idea of fixing the price of silver as 'protection of the most absolute kind'. Silver was presented as 'naturally' the medium of the poorer countries which had less security and smaller trade operations, in contrast to the needs of the rich states where the prevalence of law and order encouraged large transactions.¹

The most important group of City businessmen who were in favour of bimetallism were those who had interests in India and the Far East. At its first official meeting in January 1886 the East India and China trade section of the London Chamber of Commerce convened a special meeting to discuss the silver question² which in turn decided to attempt to bring the subject before a general meeting of the London Chamber of Commerce. Neither the Council nor the executive of the Chamber readily agreed to this demand,³ and the East India and China section had to press for it.⁴ Gwyther gave the executive a clear choice,

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1. CCJ Aug. 1885.
 2. Guildhall Library MSS 16, 532, the minute book of the East India and China Trade section, 19 Jan. 1886. Two papers were written for the special meeting, one by a bimetallist, P.F. Tidman of Messrs. Mactaggart, Tidman & Co., and one by a monometallist, James Whittall of Darley, Butler & Co. who was also a director of the London, Paris & American Bank and an ex-director of Jardine Matheson & Co..
 3. RMB 2, 5 Mar., 18 Mar. & 18 Apr. 1886. The executive tried unsuccessfully to get the Institute of Bankers involved.
 4. RMB 2, 6 May 1886. They asked that the executive receive a deputation which consisted of J.H. Gwyther, chief manager of the Chartered Bank of India, Australia and China, subsequently its chairman, and one of the Sassoons.

either they called a meeting of the Chamber as the section desired, or wrote to the Government proposing an inquiry into the matter.¹ The executive chose the latter as being the lesser of the two evils, and this was endorsed at a subsequent Council meeting.²

Like some other difficult issues which isolated one group of City business interests from the rest, the silver question was put on the agenda of the Congress of Chambers of Commerce of the Empire. The organising committee of the Congress took great care to find speakers for and against bimetallism.³ At the Congress in 1886 a paper written by H.H. Gibbs was read to the assembly and a resolution moved by the Birmingham Chamber of Commerce.

This Congress recognises that the diminishing supply of gold during recent years has been an important factor in the existing depression of trade and believes that the re-monetarisation of silver would afford some relief to this state of things.⁴

This moderate motion, which avoided the crucial issue of fixing the value of silver to that of gold, was carried on a vote by chambers by 28 to 15.

The depreciation of silver was also discussed by the metal section of the London Chamber. Their interest was that the price of other metals was tied to that of silver. Later in the same year this section held a special meeting

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1. RMB 2, 12 May 1886.
 2. RMB 2, 13 May 1886. The resolution was supported by Tritton.
 3. RMB 2, 19 May 1886.
 4. CCJ Aug. 1886 Supplement. Two articles written by Westgarth supporting bimetallism were published in the Journal in the winter of 1886-7 and an attempt was made to link the issue to unemployment, CCJ Dec. 1886, 291; Jan. 1887, 8.

to discuss the matter which was attended by H.H. Gibbs.¹ The chairman of the section was Henry Rivers Grenfell of the firm of copper merchants Pascoe, Grenfell & Sons.²

The minority of City businessmen who had large interests in silver-using countries did not rely on the power of their arguments to protect their wealth. Although Gwyther told the shareholders of the Chartered Bank in 1887 that trade with silver-using countries could be neither profitable nor peaceful unless bimetallism were adopted,³ it has been suggested that the imperial or exchange banks had converted their capital into sterling which had been sent back to the U.K. before the serious fall in Indian currency took place.⁴

The Royal Commission on Precious Metals chaired by Lord Herschell delivered its final report in 1888. Evidence had been taken from City men in the main, such as the bullion broker H.L. Raphael, the discount broker H. Schmidt, most importantly Bertram Currie of Glyn's Bank, and directors of the Bank of England, Lord Addington and H. Wollaston Blake. These men left the commissioners in no doubt as to their views. It was difficult to get any of the City men to agree that there was a scarcity of gold. In the end the Commission was bound to conclude

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1. Guildhall MSS 16,693, minute book of the metal trade section, 22 Sept. 1886.
 2. He had been Governor of the Bank of England in 1882, held directorships on the board of Sun Life Assurance, Universal Marine Insurance, the Sun Fire Office and was chairman of the National Mortgage and Agency Co. of New Zealand. In the next decade he was chairman of the Peruvian Corporation.
 3. Sir F.M. Compton Mackenzie, Realms of Silver (1954), 160.
 4. A.S.J. Baster, Imperial Banks (1929), 174.

that it was impossible to form any positive opinion as to the relation between currency and prices,¹ and that to adopt bimetallism would be a leap in the dark.² Although the matter was not settled, the report of the Herschell Commission had given a view which the majority of businessmen would support. When the question of bimetallism was put before the ACCUK in March 1889 by the Birmingham Chamber, it was rejected by 45 votes to 11.³

The question as to whether the adoption of particular terms and the reinterpretation of existing concepts by the City were the result of deliberate calculation or ardent belief is a difficult one. A straightforward assumption would be that the hierarchy of power and wealth within the City determined the popularity of particular ideas, in the sense that there were general leaders of opinion, such as Sir John Lubbock, who often organised meetings to promote a particular aspect of City opinion. Such men were usually aware of the political significance of their activity, but without detailed studies of them it is impossible to say to what extent this awareness dominated their beliefs. There were also leaders of sub-hierarchies such as shipping, the various exchanges and merchant groups. Such sub-hierarchies and groups would be successful in proposing their own arguments and policy proposals providing they were not raising questions which

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1. Parl. Papers (1888), XLV, Final Report, Part II, Conclusion 98. Herschell was chairman of the Commission, Sir John Lubbock and Samuel Montagu were amongst those appointed to sit upon it.
 2. Ibid., Conclusion 120.
 3. CCJ Apr. 1889 Supplement.

threatened the interests of a majority of the general hierarchy. Thus the West India Committee could succeed in its presentation of anti-bounty legislation as free trade, whereas those with business in the silver-using countries had their proposal of bimetallism dismissed as protectionism.

The ideas promoted publicly by the City, the opinion of the City, was the result of a process which was determined directly or indirectly by economic considerations. That is not to say that such views directly expressed an economic reality, however, as the particular form which the opinion took was shaped by consideration of publicly opposing alternative opinions emanating from groups with other economic interests. This dislocation between publicly expressed opinion and privately recognised economic reality is explored in the next chapter.

CHAPTER TWO: The City and the State: the official and the
hidden relationship

An attempt to make any sort of general statement about the relationship between City business and the British state appears, at times, to be an impossible task. City interests were not always united, for example shipowners and merchants were often at odds. British interests abroad could also be ranged against each other on the basis of geographical distribution. In South Africa, for example, the eastern province of the Cape Colony competed at times with the western province, the Cape Colony as a whole saw itself as having competing interests with Natal, and it has been suggested on a number of occasions that the interests of South Africa conflicted with those of the City of London.¹ There are also difficulties in talking of the British state as an harmonious unity, as the same proliferation of subdivisions present themselves; different political parties, the imperatives of existing diplomacy, conflict between departments (particularly between the Treasury and the rest), and disagreements within departments over the advisability of a forward policy were all too evident. To make matters more complicated there was a distinction made

1. For example the question of the Cape Colony's finance could be seen as a contest between the City and the colony, Andrew Porter, 'Britain, the Cape Colony and Natal 1870-1914' Economic History Review, xxiv (1981), 554-577.

by the FO between official and unofficial support of British business interests abroad.¹

Fortunately, the existence of the London Chamber of Commerce helps clarify the situation to a large extent as it brought together representatives of all the major City business interests. The official communications between this Chamber and the Government constituted the public relationship between the City as a whole and the State. This is not to say that individual firms and interest groups did not formally communicate with the Government on their own behalf, but here again the situation is simplified by the existence of the Chamber of Commerce because within this larger organisation trade sections were formed which were composed of the most prominent businessmen in their field. For the purposes of an analysis of the relationship between the City and the State which focuses on imperialism during the 1880s, it is particularly helpful that the London Chamber had trade sections based upon geographical areas, such as West Africa, South Africa, East India and China.

The activities of these sections serve to demonstrate the various ways in which the City sought to influence public opinion and Government policy both directly, from London, and indirectly, via British chambers of commerce which had been established in distant foreign lands. The minutes of these sections occasionally provide information

1. The idea of such a division was put forward by David McLean 'Commerce, Finance, and British Diplomatic Support in China, 1885-8', Economic History Review, xxvi (1973), 464.

on the private relationships between individual businessmen and politicians or civil servants, and from such examples it is possible to obtain a better understanding of the nature of the public, official relationship between the City and the State.

The British Suez Canal

The first major success for the London Chamber of Commerce in dealing with an issue involving the extension of British economic and political power in the world was the question of the control of the Suez Canal. The City had a double interest in Egypt, as had been demonstrated in the summer of 1882, that of business enterprise within the country and the importance of the canal as a trade and shipping route.

When Arabi Pasha, who had led a revolt of the Egyptian army, started strengthening the fortifications of Alexandria in 1882, British businessmen started leaving the country. The Economist felt the need to remind the Gladstone administration at home that business interests in this matter should not be lost sight of as England had greater interests in Egypt than any other European power.¹ It was explained, in a later article, that the City saw the question as one of the price of Egyptian securities, the economic embarrassments connected with the hurried closing of transactions in that country, and of alarms about the unprotected condition of the canal.²

1. Econ. 17 June 1882, 735.

2. Econ. 24 June 1882, 775.

Following the bombardment of Alexandria by the British fleet and the landing of British troops, who later managed to defeat Arabi at Tel-el-Kebir, the Bankers' Magazine published a carefully argued justification for the action. In much the same way as The Economist had insisted 'that it is the traditional policy of the Foreign Office not to use the material forces of the country to enable individual Englishmen to obtain payment of debts due from other countries'¹, the Bankers' Magazine emphasised that it was not suggesting that the great British commercial interests in Egypt entitled the U.K. to interfere by force of arms. What it did maintain was that Britain had a right of way over the canal as a trade route, and that no interference with that right of passage could be allowed.²

With British personnel in control of the Egyptian military and administrative organisation, and the British Government holding nearly half of the share capital of the canal through which eighty per cent of the traffic which passed was British, it was perhaps not surprising that British shipowners felt that the time was ripe to try to establish a stronger position over the French. The real issue was the French control of the canal.

Two deputations had waited upon the Government in April 1883, and the suggestion was made that a second canal be built under British auspices in order to compete with the first. A meeting of representatives of the major

1. Econ. 17 June 1882, 736.

2. BM 1882, 603.

shipping interests took place in May to discuss the building of such a British Suez Canal.¹ The particular grievances listed by the shipowners were the incivility, arbitrariness and partiality of the administration of the canal; the high pilotage dues coupled with the exclusion of British pilots; the absence of a Suez Canal Company office in London; and the high maximum tariffs.²

Many members of the Council of the London Chamber of Commerce were also members of the Shipowners' Committee for the Construction of a Second Canal and the matter had been informally before the Council for some time.³ An article in the CCJ prior to a debate in Parliament opened with the blunt statement: 'British merchants have not forgotten the late Anglo-French commercial treaty', and continued to describe French state subventions to French shipping lines as aiming a 'blow' at the British commercial marine. The nub of the issue was that de Lesseps declined to give the British a larger share in the management of the canal, the shareholders adopted any suggestions made by him, and the French Government would ratify any vote of the shareholders.⁴

A debate in Parliament on 11 July 1883 infuriated the City, as it appeared that the British Government was willing to provide the capital for a second canal which

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1. BM 1883, 711, 'The Effect of the Suez Canal Incident on the City'.
 2. Ibid.
 3. CCJ June 1883.
 4. Ibid. The editorial also pointed out that the receipts of the existing canal for 1883 totalled £2.5m of which £2m had been provided by British ships.

would also be under the control of the Suez Canal Company.¹ The London Chamber of Commerce reacted swiftly the following day at their Council meeting at which the chairman of the Peninsular and Oriental Steam Navigation Company was present by special invitation.² A resolution was passed which accepted the need for a second canal but regarded the terms on which the Government was to lend £8m to the Suez Canal Company as inadequate and unsatisfactory.

A meeting of the Council of the ACCUK was arranged which resulted in a deputation being received by the Chancellor of the Exchequer and the President of the Board of Trade.³ The climax of the agitation was a special general meeting of the London Chamber of Commerce convened for the 18 July.⁴ Over 500 City businessmen attended the meeting and passed two resolutions regarding the Suez Canal. The first recognised the need for an improvement of communication by water between the Mediterranean and the Gulf of Suez. Its proposer, Alderman Cotton MP⁵, referred to a smaller meeting which had been held at Lloyd's in the previous week, and he went on to declare that 'a second Suez Canal ought to be carried out in

1. CCJ Aug. 1883, 208-9; see also BM 1883, 711.

2. CCJ Aug. 1883, 236. W.C. Morgan and James Dixon were on the Council as representatives of the Steamship Owners' Association, and the General Shipowners' Society.

3. *Ibid.*, 235. The views of the Association were expressed by its president, C.J. Monk MP, Norwood MP, and Mr. C.M. Palmer MP.

4. *Ibid.*, 236.

5. W.J.R. Cotton, of Messrs. Culverwell, Brooks & Cotton the firm of wharfingers, merchants and brokers, was MP for London from 1874-5, Lord Mayor of the City 1875-6, and chairman of the Australia Co..

English interests, and in English interests alone'.¹ The seconder, R.B. Martin, remarked that if they looked into the banking accounts of those present a very substantial means could be found of obtaining the £10m required for a British Suez Canal. The second resolution pressed for the international management of the canal, declared the proposed provisional agreement insufficient to safeguard the interests of the U.K., and called for a Royal Commission on the subject.²

The fact that major private City bankers of both Liberal and Conservative persuasion had been active in presenting the resolutions to the meeting, in addition to the clear indication from Martin that the City could finance its own second canal, was a clear enough demonstration of the power and determination of the City for M. de Lesseps who requested a meeting with the London Chamber of Commerce.³

After careful preparation on the Chamber's part, the meeting took place in November.⁴ Count Ferdinand de Lesseps and his son, M. Charles de Lesseps, had an interview with the Council which was chaired by Charles Magniac. From this meeting an agreement was reached just

1. The Times 19 July 1883, 10.

2. The resolution was proposed by Alderman R.N. Fowler MP, partner in the banking firm of Dimsdale, Fowler, Bernard & Dimsdale which he represented at the Institute of Bankers. MP for Penryn and Falmouth from 1868 to 1874 and for London from 1880 to 1891, he was Lord Mayor 1883-4. Despite Quaker parentage he energetically reorganised the City Conservative Party. The resolution was seconded by Edward Power of Messrs. Power Bros. & Co., a member and later deputy chairman of the Baltic Committee.

3. The Second London Chamber of Commerce Annual Report (1884), 27.

4. CCJ Dec. 1883, 354.

a week later between the shipowners and de Lesseps. The canal was to be enlarged, or a second built by a commission of engineers and shipowners half of which were to be British. In addition to the three directors designated by the British Government, seven new directors chosen from among English shipowners and merchants were to be admitted as members of the Board immediately. A consultative committee composed of the English directors was to be formed in London, the Canal Co. was to open an office in London and arrangements to be made for paying dues there. Future appointments of officials in the Canal transit service were to be largely English speaking. The surtax of 50 centimes was to disappear indefinitely from January 1884, pilot dues extinguished from July in the same year, all expenses resulting from groundings and accidents in the Canal were to be borne by the Company in future and from January 1885 the Company was to diminish transit dues by 50 centimes and by another 50 should the dividends for 1883 amount to more than 18 per cent. Finally the Company agreed to divide with the shipowners on every succeeding January 1st the extent of half of the profits in excess of the amount of the profits last previously divided amongst the shipowners, in terms of reduction in dues by tonnage.¹

1. CCJ Dec. 1883, 354. The detailed description of the agitation for a British Canal by D.A. Farnie, East and West of Suez: The Suez Canal in History, 1854-1956 (Oxford, 1969), ch. 17, does not include the important meeting between Lesseps and the Council of the London Chamber of Commerce which took place on 23 Nov. 1883 just three days before Lesseps departed from England leaving his son to negotiate a settlement with the shipowners, *ibid.*, 319. Farnie does, however, mention the large meeting which the London Chamber had convened in the summer, *ibid.*, 315.

These swingeing changes in the management and charges of the Suez Canal Company, made in spite of weak Government support, established the reputation of the London Chamber of Commerce, and gave a good indication of the new thrusting policy of the City in the battle for business expansion in the world. The success of this struggle for control of the canal demonstrated the ability of the City to organise its influence and power through its new Chamber of Commerce, and signalled the beginning of the battle royal between the state-backed business interests of the various industrialised countries which was to take place in earnest in the following years through to the First World War.

The West Africa Trade Section¹

The immediate cause of the formation of the West Africa section itself provides an example of the existing relationship between business and the state, and the willingness of the Government to consult business opinion before involving itself in agreements which could affect profit making. It also demonstrates the fact that such consultation was often kept private. In the spring of 1884 the FO sent a confidential request to the London Chamber of Commerce asking for its opinion regarding the

1. Guildhall Library MSS 16,504, The Minute Book of the West Africa Trade Section of the London Chamber of Commerce (henceforward WAMB).

proposed Congo Treaty with Portugal.¹ In response to this request the Chamber convened a meeting of businessmen with interests in West Africa at which it was agreed that a West Africa trade section should be formed. The West Africa section decided that its opinions concerning the treaty would best be relayed by means of an informal interview with Lord Edmund Fitzmaurice, the Parliamentary Under Secretary for Foreign Affairs.

It is not surprising that this suggestion was immediately agreed to², as the elected committee of the newly-formed section represented most of the major British interests in West Africa.³ The chairman was Sir George Taubman Goldie who had managed to amalgamate all the British companies in the Niger area and, with a view to obtaining a charter from the state, he had transformed them into the National Africa Company in 1881.⁴ The nominal capital of the company was £1m and City banking support was indicated by the presence of Sir Charles W.

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1. WAMB 31 Mar. 1884; see also CCJ Feb. 1885, 150 'Annual Report'. The section was not formed as Hynes op.cit., 63, suggests, merely on the basis of their vehement opposition to the treaty. The FO knew of the London Chamber's interest in the matter as the Council had sent a letter to the FO in the previous year asking that the rights and privileges of British subjects be safeguarded by the appointment of a British Resident and periodic visits from British warships to the Congo, FO 403/14, no. 118, 14 Mar. 1883.
 2. WAMB 31 Mar. 1884. This request was made through the Council of the Chamber.
 3. WAMB 7 May 1884.
 4. John E. Flint, Sir George Goldie and the Making of Nigeria (1960), 46 et seq.

Mills on the board.¹ Also on the committee of the section was the other joint managing director of the National Africa Company, Alexander Miller.² Francis Swanzy, head of the largest British firm in the Gold Coast,³ was Goldie's deputy on the committee. The chairman of the Africa Steamship Company,⁴ Frederick William Bond, was also on the committee, along with Thomas H. Hale of the firm of Congo merchants. It was a powerful gathering of British interests in West Africa.

The details of the private deputation to Fitzmaurice, which took place on 7 April⁵, were kept secret. Not only were they not written into the minutes of the section and only a verbal account of them given to the Council of the London Chamber⁶, but no mention of the deputation was

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1. Mills was one of the four managing partners of the private bank Glyn, Mills, Currie & Co. which was much respected by the Treasury. Sir Charles was also a director of the Union Bank of Australia, the Anglo-Austrian Bank, the North British and Mercantile Insurance Co., and later became a director of the Imperial Ottoman Bank.
 2. W. Thompson, 'Glasgow and Africa: Connexions and Attitudes, 1870-1900' (The University of Strathclyde, PhD, 1970), 139, estimates that Miller Bros. was the single most important commercial enterprise trading in West Africa if their investment in Goldie's company is taken into account.
 3. F. & A. Swanzy. F. Swanzy was a director of the Wassau (Gold Coast) Mining Co..
 4. It was formed by royal charter in 1852. The other major shipping company was the Glasgow and Liverpool based British Africa Steam Navigation Co., formed in 1869 and managed at this time by Elder, Dempster & Co.. A representative of this latter company was elected to the section's committee in the following year.
 5. WAMB 7 Apr. 1884. Bond, Goldie and Banner were the nominees of the section, J. Herbert Tritton and William Dunn represented the Council at the deputation.
 6. CCJ May 1884, 139.

made in the correspondence on the subject printed for the FO¹. This latter omission is more conspicuous as correspondence with the Glasgow Chamber of Commerce was printed². Such caution and censorship, together with evidence of other private communication with West Africa interests, such as the letter from Lord Granville to Lord Aberdare³, a director of Goldie's company, indicate that a larger hidden relationship existed.

The resolution which the West Africa section of the London Chamber passed on the question of the treaty with Portugal,⁴ and which received the backing of the Council of the Chamber,⁵ must be regarded against the background of the earlier private deputation. It was a public communication sent in the context of private discussion with the FO. As later events concerning other trade sections suggest,⁶ it is quite probable that the resolution was compiled in secret agreement with the FO for public consumption.

The other major British chambers of commerce also opposed the treaty⁷. The Glasgow and Manchester Chambers had direct contact with Goldie and the London West Africa

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1. FO 403/38 'Further Correspondence respecting Portuguese Claims on the River Congo (April-June 1884)'.
 2. CCJ May 1884, 141; FO 403/38, 23 April 1884, Glasgow Chamber to FO.
 3. Flint, op.cit., 57.
 4. WAMB 7 May 1884. The resolution declared the treaty to be detrimental to British trade, but suggested that should it prove necessary to establish European sovereignty in that part of Africa the question should be referred to a conference of the different powers involved.
 5. CCJ June 1884.
 6. See p.150 below.
 7. Hynes, op.cit., 57-77.

section through James Hutton and George Miller. James F. Hutton, the president of the Manchester Chamber, was a director of Goldie's National Africa Company, and the Glasgow Chamber took advice on West African affairs from George Miller, Alexander's brother.¹ Thus the influence of those interested in the National Africa Company and their ability to attract public support extended far beyond the City.

The opposition of the London and other chambers of commerce was an important consideration in the decision of the Liberal Government to postpone ratification of the treaty with Portugal.² The matter was complicated by the agreement between the French and King Leopold's International Association, and by the German annexation of the Cameroons in July.³ On 15 November a conference of powers, such as the West Africa section had proposed in May, was convened in Berlin. British business interests were unofficially represented at the conference by Bond

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1. Thompson, *op.cit.*, 174, suggests this, and it is confirmed by my examination of the records of the Glasgow Chamber. Hynes mentions the connection between King Leopold and William McKinnon of Glasgow but, important a man as McKinnon was, he did not appear on the lists of directors of the Glasgow Chamber at this time.
 2. Hynes, *op.cit.*, 65.
 3. WAMB 7 Oct. 1884. Bond informed the section that the two major shipping companies had already made representations to the FO regarding the German annexation, and the section passed a resolution proposing that Lord Granville should urge the German Government to accept the same privileges and protection as the English merchants without placing the area under the German flag. No action was taken on the Congo treaty as the section did not at that time know what were the proposals of Stanley and the International Africa Association.

and Jones (of Elder, Dempster) for shipping, Goldie for the Niger, and Holt, Cookson and Rogerson for the Liverpool Africa Association of merchants.¹

The National Africa Company had managed to obtain political status to a large extent before the conference began.² The FO had made the company's chief agent, David McIntosh, the British vice-consul of the area and, while the Consul, Hewitt, was in England, McIntosh hurriedly made treaties with the local tribes in the name of the company with the authority of his new position. In order to seal the company's control of the area Goldie lent it his private fortune and managed to break the remaining French firms there by trading at a loss. Just two weeks before the Berlin Conference the last French firm had come to terms with the National Africa Company. Working through Lord Aberdare the company managed to convince the FO, just three days before the conference began, to allow the Union Jack to be hoisted at all places where the company held 'independent title'.

As far as the official, public communications with the state were concerned, Goldie suggested to the section of the London Chamber that in preparation for the conference, the Government's hand could be strengthened if certain resolutions were passed.³ They stated that all great rivers in West Africa should be freely open to commerce and that any attempt to apply to the British

1. Flint, op.cit., 68.

2. This paragraph is based on Ibid., 60 et seq.

3. WAMB 27 Oct. 1884.

protected River Niger a system not applied to the French controlled rivers Senegal and Ogwe should be resisted. The most practicable solution to the Congo question suggested in the resolutions was for the European Powers to delegate the policing of all its waters to the International Association. These resolutions gave support to the International Association in the Congo whilst threatening the French that if they tried to use the conference to officially regain some foothold on the Niger they would be setting a precedent for interference with their dominance in Senegal.¹ These proposals were published in full in the November edition of the CCJ and, as the Council of the Chamber had not yet met to endorse them, they could be described as 'to be confirmed'.² The Journal's editorial, 'African Conference at Berlin', included the argument that the internationalisation of waterways in West Africa would apply equally to existing French possessions as to the Niger. Goldie's message was thus well broadcast before the Conference began.

At the Conference the Niger Navigation Act drafted by the British Delegation was accepted.³ This document was

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1. The wrong impression of the history of these resolutions has been gained by Hynes, op.cit., 71, as they were not approving international control of the Niger but using it as a threat to the French, and they were not formulated against Goldie but by him. Goldie could not have opposed the resolutions at the Council meeting, as Hynes suggests, as he was not present. In any case the Conference had already begun by the time the Council met on 13 November, CCJ Dec. 1884, 350.
 2. CCJ Nov. 1884, 317. They were returned to the section by the Council with an explanation not recorded in WAMB 2 Dec. 1884. The Economist had supported the idea of an international commission for the Congo and the Niger, Econ. 18 Oct. 1884, 1250.
 3. Flint, op.cit., 69.

typical of the free trade position taken by the British throughout the world as it proclaimed that the navigation of the Niger would be kept free for merchant ships of all nations equally, but as there was not to be an international commission to enforce it, this freedom of trade would be, in practice, at the discretion of the British state or whoever they appointed to apply it.

Before the Conference took place the senior clerk at the FO, Sir Percy Anderson, argued that Goldie's company should assume any new British responsibilities resulting from the meeting in Berlin, and as soon as the terms of the Niger Navigation act were known Villiers Lister (a clerk at the FO) was for granting a charter to the company without delay.¹ Over the next year and a half, until the charter was granted in July 1886, a struggle took place between the National Africa Co. and the FO during which time the Permanent Under Secretary, Sir Julian Pauncefoot, tried to redeem some of the political rights which the company had obtained through the work of McIntosh.² In the course of this wrangle a British protectorate was declared over the Niger region in June 1885.

In the early days after the Berlin Conference, before the negotiations became intense, the section put forward a resolution to the Council of the London Chamber expressing the City's satisfaction at the British Government's firm stand at the Berlin Conference.³ This was duly supported by the Council.⁴ At the same meeting the section also

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1. Flint, op.cit., 70.
 2. Ibid., 71-85.
 3. WAMB 6 Jan. 1885.
 4. CCJ Feb. 1885, 49.

proposed that, in view of German activity on the coast¹, the whole of the coast from the Gold Coast to Lagos should be brought under the protection of Britain.² The reasons given were the better development of trade and in order to avoid future difficulties.

At one point during the difficult negotiations between the company and the FO, later in the year, Goldie threatened to deliver the company's treaties to the French.³ Goldie went so far as to convene a special meeting of the shareholders of the company in September, at which he was given permission to approach the French if necessary. In the same month Goldie instigated the West Africa section of the London Chamber to pass a resolution which threatened the Government further.⁴ Goldie told the trade section of the perilous position of British interests in the neighbourhood of the Niger and emphasised the need for an 'effective' British occupation of the protectorate rather than the 'paper' occupation which existed. These terms recalled the charges made by Germany before the Berlin conference which had caused the FO so much anxiety.⁵

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1. For details of this activity around the Popos, an area between the Gold Coast and Lagos, see John D. Hargreaves, Prelude to the Partition of West Africa (1963), 324-8.
 2. WAMB 6 Jan. 1885, this resolution was reaffirmed a few months later, WAMB 5 May 1885. Germany managed to secure the area by the end of the year, Hargreaves, op.cit., 328.
 3. Flint, op.cit., 78.
 4. WAMB 9 Sept. 1885. The Manchester Chamber sent a similar resolution probably prompted by Hutton, FO 84/1742, 17 Sept. 1885.
 5. Flint, op.cit., 68.

The resolution, which the section supported, called for the Government to police the protectorate in order to establish law and order. The force of this resolution was that the Government had no money to spend on the protectorate, and this was precisely why they wanted to rule the area through a chartered company. Goldie was here playing upon the vulnerability of the state, a game which, it has been suggested, he played systematically in order to obtain a royal charter for the company.¹ There was not the political will in Parliament to provide funds for imperial expansion, yet the Government risked embarrassment if they did not prevent national humiliation at the hands of other powers. Public resolutions endorsed by the City could thus be used to force the Government's hand domestically, as well as endorse state action abroad.

Anderson's reaction at the FO to the letters from the London and Manchester Chambers, which both arrived on the same day, was 'The Niger Co. is evidently setting the Chambers of Commerce in motion'.² Such a view of the official resolutions of these chambers demonstrates that the FO understood that the most prominent businessmen in a particular part of the world could receive the support of the City and other chambers of commerce. At the same time such an understanding did not trivialize the political reality that such action represented. Men such as the president of the London Chamber, J. Herbert Tritton of the

1. Flint, op.cit., 55.

2. FO 84/1742, minute upon the letter from the London Chamber dated 17 Sept. 1885.

very prominent private City bank of Barclay, Bevan, Bouverie, Tritton & Co., could not be easily set in motion like a clock. Such fretful comments, indeed the whole tussle between the FO and Goldie over the details of the charter, were no more than the bickering between two interdependent allies whose individual activities and goals could not be achieved or maintained without mutual support.

Apart from the close, but sometimes bitter, relationship between Goldie and the FO, Francis Swanzy was developing a closer relationship with A.W.L. Hemming at the CO. The subcommittee which the West Africa section formed in 1885¹, in order to organise its exhibition stand at the Colonial and Indian Exhibition, had by February 1886 attracted Hemming to its meetings.² By April 1886 Swanzy was to be found promoting a draft resolution to the section on the grounds that 'Mr. Hemming at the CO seemed to concur'³. When the letter arrived at the CO, Hemming's minute was indeed sympathetic. Although not accepting their demand for a resident commissioner in full, he did propose that the Governor be asked to appoint an officer with the special duty of paying visits to the relevant

1. WAMB 7 July 1885.

2. WAMB 5, 24 and 26 Feb. 1886. Lord Aberdare, Sir James Marshall, J. Risely Griffith and H. Quayle Jones all joined Swanzy and Banner on the subcommittee at this time.

3. WAMB 21 Aug. 1886. The resolution requested that a visiting or resident commissioner be appointed at Kumasi.

tribes.¹ The personal relationship with Hemming was maintained, and when the section was concerned about the advance of the French to the rear of British possessions in West Africa in the autumn of 1888 the committee authorized Swanzy to see the CO informally, and Goldie to visit the FO². It was Hemming that gave Swanzy advice at the CO.³

The danger to the state of being seen to be dependent upon a business concern such as the National Africa Company (or the Royal Niger Company as it became on receiving a Royal Charter) was that the support which was given to the economic interests might arouse jealousy or fear in rival British economic concerns. In the case of the charter given to the Royal Niger Company, a reaction was produced from the Liverpool and Glasgow firms which constituted the Africa Association.⁴ Their opposition to

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1. CO 96/178 minute on the letter from the London Chamber, 22 April 1886. Swanzy was not sufficiently satisfied with the action being taken and feeling justified by information published in a recent blue book he pressed the section to write again WAMB 18 Nov. 1886. A further letter was sent in December 1887, CO 96/187, 22 Dec. 1887.
 2. WAMB 20 Nov. 1888.
 3. WAMB 2 Apr. 1889 - he advised that a deputation which the section had in mind would bring undue publicity to the aim in view. The communication was kept private and verbal at this time.
 4. Miller estimated the value of the constituent firms as: T. Harrison & Co. (Stanley Rogerson, their negotiator) £100,000; Miller Bros. £60,000; British & Continental £50,000; John Holt & Co. £50,000; agents of various firms £50,000; Stuart & Douglas £45,000; T. Laughland & Co. (Glasgow) £40,000; Cooper, Johnston & Co. (Glasgow) £30,000; Cheetham & Clarke £15,000; Hatton & Cookson £10,000; Cherry J. Gertzel, 'John Holt, a British Merchant in West Africa in the era of imperialism' (Oxford University, D.Phil., 1959), 313. The Africa Association were being encouraged by Holt and Miller to apply for a charter for the Oil Rivers region, *ibid.*, 307-13.

the advantages of the monopoly, which had in practice been conferred by the charter, mounted in 1887 taking the form of a petition, and questions in Parliament.¹ This opposition was placated by Goldie's suggestion that the adjacent economic interests combine and govern the whole of the Niger and Oil Rivers region.² The FO made the plan more feasible by the way in which they announced the extension of the British protectorate in the area.³ The role of the FO as a catalyst to the proposed amalgamation was even more apparent when the negotiations were in danger of breaking down in October 1887. By opening a correspondence with the CO on the possibilities of a crown colony in the area - which neither side wished to see - the FO provided Goldie with a goad to steer the Africa Association back towards a settlement.⁴ By February 1888 an agreement was in sight.⁵

The prospect of an even larger monopoly, which would include the Oil Rivers if Goldie and the Africa Association combined, provoked the shipping companies into action. They first approached the Parliamentary Under Secretary of the FO, Sir James Fergusson⁶, who suggested that they put their grievances down on paper. In the letter which they consequently addressed to Fergusson the African Steam Ship Co. and the British and Africa Steam Navigation Co. pointed out that their combined fleets had

1. Flint, op.cit., 101.

2. Gertzel, op.cit., 344, George Miller was a middleman between Goldie and Holt.

3. Flint, op.cit., 103.

4. Ibid., 104.

5. Ibid., 107.

6. FO 84/1916, 23 Feb. 1888, memorandum by Fergusson.

cost £1m and were especially constructed to be able to cross the bars of the shallow Oil Rivers in the Bights of Biafra. Their counter-proposal to the amalgamation of the Royal Niger Co. and the Africa Association was that the steamers and importers pay small dues to finance the government of Lagos if it were extended to include the Oil Rivers.¹ The amount of capital involved in the shipping concerns put them above any individual commercial company and could not be ignored in any settlement, as Rogerson of the Africa Association admitted to Fergusson.²

The nub of the shipowners' fear was that the profits amassed from such a large monopoly as that envisaged by the combination of the Niger Company and the Africa Association would encourage the new group to consider establishing its own steamers 'against which no-one could compete'.³ Bond had personally explained to Lister in no uncertain terms that were he, Bond, chairman of the Niger Co. he would never rest until he had a monopoly of all the trade and the shipping. This aim, he maintained, every businessman would share.⁴ The FO officials suspected that the shippers were more afraid of losing their own monopoly than the establishment of a totally new shipping monopoly, and that if this were the case the affair could be settled by bringing the two sides together.⁵ Salisbury

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1. FO 84/1916, 27 Feb. 1888, letter from the ASS Co. and the BASN Co. to Fergusson.
 2. FO 84/1917, 9 Mar. 1888, memorandum by Fergusson.
 3. FO 84/1917, 23 Mar. 1888, ASS Co. and BASN Co. to FO.
 4. Minutes on *ibid.*.
 5. Anderson made the point and Lister concurred, *ibid.*.

concurred¹, and a private letter was sent from Lister to Goldie a few days later.

This belief of the FO, in the settlement of economic conflicts by amalgamation through negotiation, is an example of the mentality of civil servants at this time. Not being personally connected with the interests involved, their duty ended with keeping their own house in order. This could be done by constantly telling competitors what their rivals were saying, or introducing them to their rivals and leaving them to fight it out. The problem for the FO was to make sure that they always ended up on good terms with the winners. The winners were likely to be the wealthiest interests involved, providing that they also had adequate political backing and connexions with the chief civil servants.

The size of the political support available to the shipowners was intimated in a private letter from Thomas Sutherland to Pauncefote, which arrived on the same day as the letter from the shipping companies.² It also demonstrated that they had contacts who were familiar with the various government departments and their chief civil servants. Sutherland³ had already relayed his message verbally to Sir James Fergusson, but he also knew Pauncefote well enough to send a private letter to him.

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1. Salisbury's minute on the letter was dated 27 Mar. 1888.
 2. FO 84/1917 23 Mar. 1888, Sutherland to Pauncefote.
 3. Sutherland worked his way up to become chairman and managing director of the Peninsular and Orient Steam Navigation Company with interests in the east. He became a director of the City Bank, and the Bank of Australasia.

The letter made the point that the shipping companies felt the extension of the Niger Company's charter would be destructive to private trade and would create a monopoly which would be injurious to the commercial interests connected with the district. It ended by warning Pauncefote that there would be 'a very strong opposition in the House of Commons and elsewhere' if the extension were to be allowed to occur.¹ Official recognition of the importance of the shipping interests was demonstrated when Lord Salisbury agreed to receive their deputation in the following month.²

Goldie had expanded his interests, with the help of the state, to a point where he had attracted the attention of the next level up in the hierarchy of wealth and power, the shipping fraternity. This group, whose interests did not always coincide with those of the merchants, were sufficiently powerful to alert Salisbury to the need to take a fresh look at the state's relationship with the Royal Niger Company.³ Goldie was to face a real struggle with these ambitious rivals in the next decade.

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1. FO 84/1917, 23 Mar. 1888, Sutherland to Pauncefote.
 2. Flint, *op.cit.*, 109-110.
 3. *Ibid.*.

The South Africa Trade Section

In South Africa, British economic and political interests were as tightly interlocked as they were in West Africa. The situation was made more complicated in South Africa by the presence of the Boers. An attempt had been made to secure the control of the whole area for Britain by the hasty annexation of the Transvaal in 1877 when Disraeli was in power; but the subsequent war with the Boers and the humiliation of Majuba Hill in 1881 (after Gladstone had formed an administration) resulted in the Pretoria Convention. This agreement gave the Transvaal quasi-independence as the South African Republic, Britain only retaining suzerainty over the foreign relations of the territory. This was a set back to the expansion of British business interests in the area, as The Economist explained to its readers at the time. Federation of the territories, it predicted, 'would have been followed by a steady extension of British influence, British immigration, and a rapid importation of British capital.'¹

When the South Africa trade section of the London Chamber of Commerce formed in May 1884², there were already two other organisations in existence which promoted British interests in the area to the British public, the South Africa Association and the South Africa Committee. It was during the fighting early in 1881 that the South Africa Association formed with the intention of

1. Econ. 17 Sept. 1881, 1156.

2. Guildhall Library MSS 16,504, Minute Book of the South Africa Trade Section, (henceforward SAMB).

constituting a united voice of business opinion in case the Government decided to give up the Transvaal.¹

The first meeting of the Association was dominated by Blaine, Macdonald and Co., a firm of Cape merchants which in South Africa were Blaine and Co. of Port Elizabeth, a house which enjoyed 'unequalled prestige' in the Eastern Cape.² A.J. Macdonald chaired the meeting and the suggestion that a group of South Africa business interests should be independent of the lobbying provided by the Royal Colonial Institute was put to the meeting by D.P. Blaine.³ The idea was endorsed by Donald Currie⁴ and a resolution formally proposing the formation of the Association was introduced by W.G. Soper.⁵

1. The Empire 11 Feb. 1881.

2. R.V. Turrell, 'Capital, Class and Monopoly: the Kimberley Diamond Field 1871-1889', (London University, Ph.D., 1982), 136.

3. Blaine was the senior partner in both firms, chairman of the Bank of Africa, a director of the London Joint Stock Bank (the London banking agent for the Bank of Africa), the Thames and Mersey Marine Insurance Co., and the Liverpool, London and Globe Insurance Co.. He had been a resident fellow of the RCI since its formation in 1868. For a list of the RCI resident and non-resident fellows, see The Proceedings of the RCI.

4. Sir Donald Currie MP (1825-1909) had been a Cunard agent from 1849 to 1862, and he established the Castle line in 1872. He joined the RCI in 1874.

5. W. Garland Soper was a member of the firm Davis and Soper, Cape and Australian Commission merchants. He attended relevant addresses at the RCI such as that given by J.X. Merriman, 'Commercial Resources and the Financial Position of South Africa' in November 1884, Proceedings of the RCI xvi (1884-5). J. Bruce of the same firm had joined the RCI in 1876. The provisional committee formed by the South Africa Association in Feb. 1881 was comprised of Currie, Blaine, Soper, Macdonald, Prince, Peacock, Barsdorff, Durham, Harvey, Henwood, Dreyfus, Mosenthal and W.T. Smith. Currie started off an endowment fund with a donation of 100 guineas and by the end of this first meeting it stood at £639.

The South Africa Association had a successful beginning¹, and a deputation was received by Lord Kimberley at the CO later in February from 'merchants, colonists and others interested in the trade between the United Kingdom and the South Africa colonies and members of the South Africa Association'.² The deputation was introduced by Sir John Lubbock and a memorial read out by Macdonald. The main point of the memorial was that the Transvaal trade was in the hands of Cape and Natal merchants who had invested large amounts of capital in the country on the understanding that it would remain in British hands.

The other organisation formed in the early 1880s was the South Africa Committee. The missionary lobby had long been committed to the welfare of the native inhabitants of Southern Africa³, and the business aspects of the

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1. Within a month it had 48 individual members, 30 firms as members and donations stood at over £1,348, The Empire 11 March 1881, 5. At the second meeting a committee was elected of the following firms and businessmen: Messrs. Blaine, Macdonald and Co.; Messrs. Davis and Soper; Messrs. William Dunn and Co.; Messrs. Donald Currie and Co.; Messrs. Findlay Durham, Brodie and Co.; Messrs. Harvey and Greenacre; Messrs. Mosenthal Sons and Co.; Messrs. Peacock Bros. and Co.; Messrs. Savage & Hill; Messrs. Sinclair, Hamilton and Co.; J.D. Thomson; the Union Steamship Co.; and J. Seabright & Co..
 2. The Empire 25 Mar. 1881, 2.
 3. The most recent demonstration of this lobby was a meeting in August 1882 convened by the London Missionary Society at the Westminster Palace Hotel, Anthony Sillery, John Mackenzie of Bechuanaland (Cape Town, 1971), 73. Mackenzie was a missionary who was appointed as the deputy commissioner for Bechuanaland when it was declared a British protectorate in 1884.

expansion of territory inhabited by the Boers had been well publicised by them.¹ Missionary and businessmen from the City combined to form the South Africa Committee which organised a huge meeting at the Mansion House at a crucial stage of the negotiations between the Gladstone Government and the Boer Government in November 1883.² The resolution passed at the meeting called for freedom for British trade and British missionary work, and it was used by Derby in his negotiations.³

Both the Association and the Committee hoped to publicly strengthen the imperialist policy of the British Government in South Africa in general, and towards the Boers in particular. The political relationship between Britain and the South Africa colonies and independent states was completely intertwined with the economic interest involved. The Bankers' Magazine in October 1883

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1. "But let the Transvaal annex Bechuanaland and the only available road into the interior is left out in the cold . . . If Bechuanaland becomes Transvaal territory, then England voluntarily shuts herself out of the fairest, richest, and most inviting part of southern Africa." - Part of an article written by Mackenzie quoted in Sillery, op.cit., 77.
 2. Anthony J. Dachs, 'Missionary Imperialism - the case of Bechuanaland' The Journal of African History, xiii (1972), 655. Also Sillery, op.cit., 140, and Hynes, op.cit., 104. Hynes emphasises the humanitarian side of the South Africa Committee, 'the missionaries and their allies'. Sillery refers to 'the Quaker City men'. It should be remembered that Robert N. Fowler, partner in the banking firm of Dimsdale, Fowler, Barnard and Dimsdale, Lord Mayor of the City at the time, had long since exchanged his Quaker faith for high Toryism and the established church. Other important businessmen on the Committee and present at its meetings, such as Dunn, Harvey and the like, had direct economic interests in the region. The chairman, McArthur, and Westgarth, had an indirect interest in South Africa being kept under strong British control as their interest was in the Australian trade.
 3. Dachs, op.cit., 656.

reiterated this point which had been made by The Economist two years earlier: 'The Dutch have always been the great difficulty in the way of a successful development of British South Africa'.¹ To prove the effect that the political situation was having on the business prospects in the region, the BM compared the four and a half per cent stock of the Cape and Natal with the New South Wales four per cent. The Australian stock had a higher market value than the South African despite the higher interest paid on the latter.

The prominence of the political aspects of business relations with South Africa created a particular difficulty for City interests, as on the one hand, they wished to influence the British state's South Africa policy publicly and officially; but, on the other, they wished to avoid such action being criticised as political. This problem was evident at the formation of the South Africa trade section of the London Chamber of Commerce, the latter being a body particularly sensitive about keeping its credibility as the voice of City business rather than City politics. At the first meeting at the London Chamber of those businessmen with interests in South Africa, Captain Charles Mills (present in his official capacity as the Agent-General for the Cape Colony), who was particularly hopeful that a trade section be formed,² expressed his great satisfaction at the way in

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1. BM 1883, 965. For the views of The Economist, see p.102 above.
 2. The Third Annual Report of the London Chamber of Commerce (1885), 26.

which the Chamber was careful to avoid political complications. The voice of pragmatism, provided by Soper, replied that it was doubtful if it were possible for the newly-formed section to avoid the political changes which were associated with all commercial questions.¹

The sensitivity of the London Chamber of Commerce over the distinction between what were the political and what were the commercial aspects of imperialism was well brought out by the action taken when Natal attempted to secure its economic hinterland in the autumn of 1886. Natal offered to assume protection of Zululand and the native reserve, a topic which the section had discussed with Sir Henry Bulwer, the Governor of Natal, earlier in the year.² The section had been informed that the British Government needed driving on the issue³, and it agreed to ask McArthur to preside over a public meeting to which representatives of the Aborigines' Protection Society had been invited.⁴ The executive of the London Chamber did not approve of the meeting on the grounds that it would be political, but it did agree to finance the meeting if the

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1. SAMB 2 May 1884. The third annual report complained that the section did, in fact, take too much notice of Mills' remark on the dangers connected with political questions.
 2. See p.118 below.
 3. RMB 2, 25 Oct. 1886; SAMB 25 Oct. 1886. The section was given this advice by Sir George Baden-Powell. For details of this gentleman and his role in the section, see p. 116 below.
 4. An example of the business interests directly using their contacts forged in the South Africa Committee.

gathering were described as being convened by 'merchants of South Africa and Natal'.¹ A second circular which advertised the meeting under its new guise was rapidly distributed by the section in order to correct the first which was already circulating,² but the fine distinction was lost on the press when reporting the meeting.³ Despite the confusion, the meeting was well supported and McArthur presided. Resolutions were passed calling for a British protectorate over Zululand and the reserve and for a deputation to be sent to the CO. Speakers at the meeting, such as Soper and Baden-Powell, proposed annexation as a more desirable policy.⁴

Many of the businessmen who were elected to the committee of the South Africa trade section when it formed in the spring of 1884 were also members of the South Africa Association, the South Africa Committee, or both. Blaine took the chair and T. Morgan Harvey⁵ was elected his deputy. Harvey, like two of his fellow committee members, Blaine and Barsdorff, was on the board of the

1. SAMB 25 Oct. 1886.

2. RMB 2, 25 Oct. 1886, special executive meeting.

3. The Times 27 Oct. 1886, 8, 'called by the South Africa trade section of the London Chamber of Commerce'.

4. Ibid., the editorial supported the demands of the meeting. The eastern three-quarters of Zululand was annexed by Natal in 1887, Robinson & Gallagher, op.cit., 215.

5. Harvey had established the merchant firm of Harvey and Greenacre in 1860 and it had soon spread from Durban to other parts of Southern Africa. Apart from his position on the board of the Bank of Africa, he was also on the board of the City Bank, along with Sir William McArthur.

Bank of Africa which at the time was one of the two great Anglo-South Africa banks.¹ The important Mosenthal company was represented on the committee by the head of the family, Harry Mosenthal.² The other members of the committee were John Paddon³, W.J. Anderson⁴, James Blackwood⁵, L.B. Twentyman⁶, Andrew Stein, and John Payne. The shipping interests, such as Currie of the Castle Mail Packet Co., and Giles of the Union Steamship Co.⁷, were not represented directly⁸ on the committee but did appear when their interests were involved.⁹

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1. BM 1883, 965. A director of the other big bank, the Standard, was elected to the committee in 1886. He was Hugh Cameron Ross, SAMB 5 Feb., 1886.
 2. Adolph Mosenthal & Co. traded in hides, mohair, wool, and ostrich feathers, then diversified into diamonds in the 1870s. Anton Dunkelsbühler was their representative at Kimberley. Their capital has been estimated at £0.5m, Turrell, op.cit., 97. Harry Mosenthal (1850-1915) had floated the London & South Africa Exploration Co. with M.J. Posno in order to buy the farms on which the Dutoitspan and Bultfontein mines were situated, ibid., 107. Mosenthal was a director of this company, as well as being on the board of the Adamant Diamond Mining Co., the Bultfontein Homestead Mining Co., the Central Mining Co. of Dorstfontein, and he was chairman of the Orion Diamond Mining Co. which he had also floated in London.
 3. A partner in Hill & Paddon, which he had founded in 1881 with James A. Hill. Paddon Bros., which consisted of S.W. Paddon and W.W. Paddon, had been the largest claim-owners in the Kimberley mines in 1876. They dissolved the partnership in 1887, Turrell, op.cit., 138.
 4. A partner in W. Anderson & Co., a firm of East and West India brokers, he joined the RCI in 1875. Another partner in the same firm, W.M. Farmer, held a directorship in many gold mining and exploration companies involved in South Africa.
 5. A member of the firm of Blackwood, Garland & Co..
 6. A member of the firm L. Twentyman & Son.
 7. The Union Steamship Co., of which Giles was chairman, was worth £0.5m in 1885 and paid a dividend of 5% that year.
 8. W.M. Farmer of W. Anderson & Co. was a director of the Union Steamship Co., and his partner, W.J. Anderson, was on the committee.
 9. For example, Giles and Curry were present at the deputation in May 1884.

The first action of the new trade section, and one of the strongest stimuli for its formation, concerned the possibility of German colonisation in south-west Africa.¹ A deputation was organised within two weeks of the section being formed. It was received by Lord Derby on 16 May 1884.² Sir Donald Currie MP introduced the deputation and laid emphasis on the importance of southern Africa to the shipping route to India and China. Derby's reply revealed the confused and bungled state of affairs:

We had not claimed the place itself as British territory; but we had claimed a sort of general right to exclude foreign Powers from the coast up to Portuguese territory.³

It is possible that this was Derby's first public statement on a matter⁴ that had been building up for a year or more⁵. Certainly, this reply to the business interests was not overlooked by the German press.⁶ It was only a week or so later that the Cape Government decided

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1. SAMB 2 May 1884. J.X. Merriman had written to Mills in January warning that German traders were acquiring rights in the area of Angra Pequena and that Mills should stimulate some political awareness of this in London, such as arranging for a question to be asked in Parliament, D.M. Schreuder, The Scramble for South Africa, 1877-1895 (Cambridge, 1980), 121-2.
 2. SAMB 16 May 1884; see also The Times 17 May 1884, 9.
 3. The Times 17 May 1884, 9.
 4. Schreuder, op.cit., 125, quotes a similar statement by Lord Derby in the House of Lords 2 or 3 days later and claims that it constituted Derby's first public statement on the matter. It is probable that Schreuder did not know of this deputation, as he does refer to Currie's approaches to the Government later in the year, *ibid.*, 143-3.
 5. *Ibid.*, 117.
 6. The Times 22 May 1884, 5, recorded that the anger of the Kreuz Zeitung had apparently been deeply stirred by Derby's reply to the deputation.

seriously to consider taking control of that area of coastline.¹ At about this time the R.C.I. set up a subcommittee which included Capt. Mills and James Duncan Thomson, of the South Africa Association, to enquire into the subject of the contemplated occupation of Angra Pequena by the German Government.² All such action was too late, as Germany made clear to the British a week later.³

This first public action of the South Africa trade section, carried out with the backing of the London Chamber of Commerce, demonstrates the way in which this group of City businessmen could bring matters forcefully to the attention of the home Government, and in doing so provoke ministerial comment which informed the City of the Government's opinion before Parliament. It also demonstrated that such action could have immediate international importance, such as the reaction of the Kreuz Zeitung.

In the summer of 1884 a new threat to British business interests in South Africa was posed when freebooting Boers raided Mafeking. The fear which this aroused in merchants for the safety of the road to the north was not assuaged by Kruger's later annexation of

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1. Schreuder, op.cit., 126. This news reached London by telegram on the 29th May 1884.
 2. The Minute Book of the RCI No. 3, 1882-5, 258. The meeting took place on 27 May 1884, and the result was a letter sent to Lord Derby on 10 June, *ibid.*, 260. Mills and Thomson were active members of the Council of the RCI at the time. Thomson (J.R. Thomson & Co.) was a director of the London & St. Katherine Dock; the English, Scottish and Australian Chartered Bank; the London and County Banking Co.; the Otago and Southland Investment Co.; and the Scottish Universal and National Insurance Co..
 3. Schreuder, op.cit., 127. Mills tried in vain to provoke further action from the London Chamber of Commerce, SAMB 4 July 1884.

Montishiwa's and Moswete's countries.¹ The South Africa section of the London Chamber, having discussed the question, concluded that it had 'not yet taken a form involving commercial considerations but was mainly political'.² This decision was based mainly on the advice given in a letter from Blaine in which he urged the section to watch for further events before taking action.

Agitated members of the section, and the City in general, gave expression to their feelings through a public meeting organised by the South Africa Committee a week later. T. Morgan Harvey was there, as were 'many merchants connected with the Cape colony'.³ The chair was taken by Sir William McArthur, and the former premier of the Cape, Sir Thomas Scanlen, and the late Minister of Public Works, Merriman, were also present. McArthur closed his introduction with references to the 'vast financial interests' of Britain in the area and the importance of the Cape to the alternative route to India. The main speech of the meeting was given by W.E. Forster who raised the question of whether or not Mackenzie, as the British representative in the area, had been given sufficient police to support him in Bechuanaland.⁴ Forster's speech was considered as political dynamite by the CO to judge from the long memorandum which Fairfield wrote in preparation for answering expected questions in

1. Sillery, op.cit., 100-119.

2. SAMB 3 Oct. 1884.

3. The Times 10 Oct. 1884, 10. N.F. Robarts, Sir T.F. Buxton, William Westgarth, J.M. Peacock, Sir James Anderson and J.J. Irvine (Cape Colony) were also there.

4. This was the issue over which Mackenzie had resigned, Sillery, op.cit., 100.

Parliament.¹

City business interests were also busy working on the same issue through the South Africa Association, and early in November a deputation of merchants and others interested in South African affairs was received by Lord Derby and E.V. Ashley at the CO.² The deputation was introduced by Currie who explained that the uncertainty and unrest regarding Bechuanaland and Zululand had lead to a reduction in South African imports and exports. Derby's reply was that no British possessions would be given up, but neither would Britain rapidly expand its possessions in the region. As far as Derby was concerned Britain already had more territory than 'sufficient for our strength'.³

The South Africa section, when it decided to withhold action on this matter, had agreed that a meeting could be called at short notice if necessary, and that meeting took place on 1 November. Harvey had called the meeting to discuss the desirability of giving a dinner to Sir Charles Warren who was to lead a British expedition to deal with the Boer incursions into Bechuanaland.⁴ The speed and success with which the dinner for Warren was organised suggests that the South Africa section of the London Chamber of Commerce was the most important centre for contacts between economic and political interests concerning South Africa. It also provides an example of the rapid and effective organising ability of City businessmen.

1. CO 417/3, 30 Oct. 1884.

2. The Times 4 Nov. 1884, 10. Soper, William Ewing and Daniel de Pass (De Pass, Spence and Co.) were present.

3. Ibid..

4. SAMB 1 Nov. 1884. The dinner was given on 5 Nov. 1884, and the toasts were proposed by Blaine and Giles, CCJ Dec. 1884, 350.

When the suggestion for a dinner was put to the section, the consent of Sir Charles Warren himself and that of the executive of the Chamber had already been obtained.¹ On 1 October Joseph Chamberlain had prepared his memorandum for the Cabinet; around 18 October the Cabinet had contacted the War Office; and on 29 October Warren drew up a memorandum on the conduct of the expedition.² The meeting, at which it was revealed that Warren's consent had already been given for the dinner to be organised in his honour, occurred just three days later. The quick action of Harvey, in contacting Warren and securing the consent of the executive, demonstrates the importance which the City attached to the expedition, as well as the importance of private arrangements in the staging of public events.

A search for some link, between the man who changed his own, and then the Cabinet's, mind on the importance of Britain's responsibilities in this matter³ and the South Africa section of the City's chamber of commerce, reveals only one possible connection - the fact that Chamberlain was probably the largest single shareholder in the Bank of

1. SAMB 1 Nov. 1884.

2. J.A.I. Agar-Hamilton, The Road to the North (1937), 359.

3. Sillery, op.cit., 120, says that Chamberlain changed his mind in October 1884 and then issued a forceful minute to the Cabinet.

Africa at the time.¹ It is not improbable that he knew the directors of the bank, a number of whom were also members of the section's committee.

There is no hard evidence that the section had such direct private contacts with ministers or civil servants at this time. There is evidence that it turned for political information to the Agent-General for the Cape Colony,² who insisted that the wording for the section's annual reports was politically judicious.³ Sir George Baden-Powell MP also supplied political information once he had been elected to the section's committee.⁴

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1. From the records of the shareholders in BT 31/36754 Co.No. 13272, it is not clear if Chamberlain had the largest single group of shares at this time, but he certainly did by the spring of 1889, and continued to increase his holding. On the returns for 10 May 1889 he is accredited with 1,600 of the 40,000 shares of the company. Each share had a nominal value of £18.15s (on which there had been a call up of £6.5s). Compare his holdings with those of a director like Harvey who held 485 shares in 1889. In 1891 Chamberlain's shares had a nominal value of £375,000.
 2. For example, when the section wanted to know the details of a treaty between Germany and the Transvaal they turned to Mills, SAMB 5 June 1885.
 3. Mills was responsible for the businessmen's expression of confidence in the ability of Warren 'to re-establish that security in South Africa, which was necessary for the conduct of commercial transactions' to be changed to 'that security in the interior districts of South Africa which was necessary for the preservation of existing commerce, and the maintenance of the trade route to Central Africa', SAMB 10 July 1885. This subtle political gloss, which presented imperialism as an essentially defensive strategy based on the status quo and the freedom of trade, was something which the businessmen in the section at this time had not yet mastered.
 4. For example, he reminded the section of the necessity for secrecy when discussing the purchase of Delagoa Bay in order to forestall German entry into the area, SAMB 27 Aug. 1886; also, when the section wished to know the opinion of Sir Hercules Robinson on the proposal for the appointment of a British Resident in Swaziland they turned to Powell, SAMB 15 & 14 Apr. 1889.

When Warren returned from South Africa in October 1885¹ he was given another dinner, and this time it was not merely from the section but from the London Chamber of Commerce.² In the afternoon before the dinner six hundred City businessmen attended a meeting organised by the Chamber to hear an address on 'Africa South of the Equator'³ given by Sir George Baden-Powell⁴ who had accompanied the Warren expedition. In his paper Sir George stressed the economic advantages of the region, and a resolution urging the Government to ensure that British business could exploit the potential markets to the north of the Cape Colony was passed at the meeting.⁵ The dinner, which was presided over by McArthur and at which toasts were proposed by the Lord Mayor and Soper, was the climax to the day. Both the Secretary and the Under Secretary of State for Colonial Affairs were present.

The willingness of Government ministers and their deputies to endorse such demonstrations of support for imperialism may be taken as an indication of the

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1. A British protectorate had been declared over Bechuanaland while he was out there, and the south of the area had become a crown colony.
 2. CCJ Nov. 1885, 292. For details of the preparation for the dinner, see SAMB 29 Sept., 16 & 19 Oct. 1885.
 3. CCJ Nov. 1885 Supplement.
 4. Sir George Baden-Powell (1847-98) had been private secretary to the Governor of Victoria 1877-8, and a joint Special Commissioner to the West Indies Colonies 1882-4, before becoming the political assistant in Bechuanaland and accompanying Warren on his expedition. An MP for Kirkdale, Liverpool from 1885 onwards, Baden-Powell represented the shipping interests in Parliament. He wrote widely on colonial affairs, being an active promoter of imperialism and imperial federation. He mixed socially with people such as Herbert of the CO, see CO 417/12, London Chamber of Commerce to CO, 23 Oct. 1885 and minutes.
 5. This was endorsed by the Council and sent on to the CO, CO 417/9, 23 Oct. 1885.

importance which the state attached to the City chamber of commerce and its activities. This was particularly so in the case of the dinner for Warren, as a meeting had been held in the City in the previous month which had passed a resolution describing the Government's early recall of Sir Charles Warren as prejudicial to the political and commercial interests of Britain in South Africa.¹

The City businessmen focused public, Government and international attention on specific issues in a number of ways. They passed resolutions at section meetings which, after being endorsed by the Council of the Chamber and sent on to the Government, would stimulate a reply which was then published in the CCJ. Formal deputations were received by Government ministers and given ministerial comment. Public meetings were held to publicize particular information or specific points. Addresses were given by informed sources to public meetings. Dinners were prepared to draw attention to, and celebrate the departure and return of, men who played significant executive roles in imperialist policy.

The section also had direct contact with Cape and Natal politicians and officials, as demonstrated by the action which it took in response to the threat posed by the discovery of gold in the Transvaal. The fear of the dominant firms which were represented in the trade section

1. The Times 17 Sept. 1885, 8. The Lord Mayor, McArthur, Soper, Giles and Hugh Seabright were amongst 'the merchants and others' present. The meeting heard two despatches from Warren which were read out by Soper. The editorial in The Times supported the views of this meeting and talked of the chaotic arrangements of the CO.

was that the attraction of the gold might encourage the formation of a major trade route from Delagoa Bay due westwards to the Transvaal, across territory not under British control. Such a route would not only result in the loss of potential new business associated with the goldfields, but also the loss of the old business of the area which at that time was drawn southwards from the Transvaal to the major commercial centres of Durban, Port Elizabeth and Cape Town. These were the centres in which the major British firms were established. Having made such an effort to keep the road north up through Bechuanaland in British hands, the businessmen did not wish to see the business of the area drained out to the east through Boer and Portuguese territories.

The section's first move was to deal with the economic problems of Natal, as Sir Henry Bulwer was in London. Bulwer, the Governor of Natal, was invited to a meeting with the section at the London Chamber of Commerce¹. The cost and feasibility of annexing Zululand, Natal's hinterland, were discussed with him, along with the possibility of a reduction in the customs charges of Natal in order to encourage trade down to Durban. Bulwer explained that a lowering of duties would do no good as the situation was a political one; the trade route to Delagoa Bay was being developed by people with an interest in building a railway there, the conditions of which had been established by agreements between the Transvaal and

1. SAMB 11 Jan. 1886.

Portuguese Governments.¹ The section decided, under pressure from Paddon in particular, to make their feelings known to the British Government at once, and a subcommittee was formed to prepare a letter setting out the importance of preserving British trade in South Africa in view of the existing competition and fiscal arrangements in the Portuguese possessions.² Bulwer supported their opinion by agreeing to deliver the letter to the CO himself.³

In March 1886 William Dunn⁴ became chairman of the South Africa trade section of the London Chamber of Commerce, and the size of the committee was increased by five to fifteen.⁵ Two of the new members were directors of the Alliance Bank.⁶ Dunn was involved with the South Africa Committee⁷, had been elected to the Council of the

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1. For the history of this railway agreement, see Jean van der Poel, Railways and Customs Policies in South Africa, 1885-1910 (1933), 3-7; see also J.J. van Helten, 'German Capital, the Netherlands Railway Co., and the Political Economy of the Transvaal, 1886-1900', The Journal of African History, xix (1978), 369.
 2. SAMB 22 Jan. 1886. The letter was adopted by the section on 5 Feb. 1886.
 3. SAMB 11 Jan. 1886.
 4. Sir William Dunn (1833-1912) has established the merchant firm of Mackie, Dunn & Co. in South Africa, and later the London firm of bankers and shippers, William Dunn & Co.. At this time he was a director of the Alliance Bank, the United Discount Co., and the Home and Colonial Marine Insurance Co.. He later became an MP, and in 1916 Lord Mayor of the City of London. He remained chairman of the section until 1891.
 5. The new members were James Macalister (Dunn & Co.), H.C. Ross (a director of the Standard Bank, and of the Merchant Banking Corporation, and later of the Alliance & Parr's Bank), P. Henwood (1828-1907) who had established himself in Durban as a hardware merchant in 1856 and soon became the most important in the country with branches in the diamond fields and later in the goldfields, and Baden-Powell.
 6. Dunn and Macalister, later Ross.
 7. For a direct reference to this, see SAMB 4 Apr. 1889.

London Chamber (like McArthur), and had somewhat fewer inhibitions about expressing opinions on what had been called the political side of South Africa questions. For example, at the first meeting of the section over which he presided it was agreed that they should advocate the unification and federation of South Africa, and that such a policy should be introduced within the following ten years.¹

In the summer, the section took advantage of the presence of Sir Gordon Sprigg in London to press its opinions regarding the Delagoa Bay route more firmly upon the Imperial and the Colonial Governments. Sir Gordon was Prime Minister and Colonial Treasurer of the Cape Colony². The section, perhaps under the influence of Dunn's experience of political activity, recognised the important difference between the official and the private modes of communication. The meeting with Sprigg was divided into two, a private discussion and an official deputation,³ and even the official discussion was treated secretly for fear of it coming to the ears of the Germans.⁴

1. SAMB 12 Mar. 1886.

2. Sprigg had promoted the interests of the east Cape merchants in the legislative assembly, or tried to, see A.J. Purkis, 'The Politics, Capital, and Labour of Railway-Building in the Cape Colony 1870-1885' (Oxford University, D.Phil., 1978).

3. SAMB 27 Aug. 1886 only recorded the deputation. Fortunately the Chamber's Rough Minute Book No. 2 has survived in which the private meeting was also recorded, Guildhall Library MSS 16, 466, RMB 2, 27 Aug. 1886. It is unfortunate for the historian that the London Chamber of Commerce was becoming sensitive about what it officially minuted.

4. SAMB 27 Aug. 1886.

At the private meeting it was agreed that neither Sprigg nor the businessmen were to be committed in any way by the discussion. The point under discussion was the duties of the Cape Colony in relation to the Delagoa Bay route, the businessmen wishing to see a fixed tariff for the colony.¹ At the deputation the direct problem of Delagoa Bay was discussed. Baden-Powell suggested that the Portuguese colony should be bought, as the goldfields in the Transvaal were opening up. Sprigg replied that he was afraid that Germany might make terms with Portugal for acquiring it. The key to South Africa was Delagoa Bay, in Sprigg's opinion, and the question was entirely one of purchase. In confidence Sprigg told the section that he had been in communication with the Colonial Secretary and that the Cape Government were willing to give every assistance in the purchase provided they received a quid pro quo.

The attempts of the businessmen in the section to influence policy regarding the preservation of southward trade routes was not confined to meeting colonial politicians and governors in the City. The business represented in the trade section had establishments in all the principal trading centres in South Africa², and had 'constituents' in the diamond fields when they opened³,

1. For the context of this plea see pp. 122-124 below.

2. Parl. Papers (1904) LXI, 'Report received from Mr. Henry Birchenough the special Commissioner appointed by the Board of Trade to report upon the present position and future prospects of British trade in South Africa', 8.

3. Turrell, op.cit., 97.

and would probably have the same in the goldfields as they developed. They therefore had much influence in the chambers of commerce in South Africa. Pressure was put on the Cape Assembly through the local chambers of commerce to bring the Cape Colony tariff to exactly that of Natal in order that no major changes occurred to existing trade structures, and so that the Cape and Natal did not indulge in an economically suicidal war of tariff reductions.¹ In this way it was hoped to bring as much of the new business associated with the goldmines into the hands of the existing prominent firms.

The Durban Chamber of Commerce was the first of the coastal chambers² to take action on the matter. The immediate stimulus was provided by a letter from the Colonial Secretary informing the chairman that the High Commissioner was contemplating the organisation of an enquiry into the question of Border Customs and duties.³ The Chamber immediately formed a committee to prepare a report on the customs tariff, and invited the Maritzburg Chamber of Commerce to meet them to discuss the question.⁴ The resulting report, which proposed a 6 per cent ad

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1. For a history of the Natal and Cape tariffs, see van der Poel, op.cit., 10-18.
 2. Kimberley Chamber of Commerce was the first to act, The Port Elizabeth Telegraph 9 Oct. 1886, according to the account of the meeting of the Capetown Chamber of Commerce. The paper has only two pages.
 3. Natal Advertiser 23 July 1886. This two page paper, 'the largest circulation in Durban', had badgered the Chamber of Commerce to establish transport links with the goldfields, as Kimberley was already doing, *ibid.*, 12, 16 & 22 July 1886. The question of tariffs was urgent as the Transvaal Government Law No. 4, 1882 was due to come into operation on 1st September 1886 and it was possible that it would be used to discriminate against goods entering the Transvaal via the Cape and Natal, Natal Advertiser 7 Aug. 1886.
 4. *Ibid.*, 26 July 1886.

valorem tariff, was presented to the Chamber a week or so later,¹ and the chairman of the Chamber called a meeting to consider the question of establishing rapid and regular communication between Ladysmith (the end of the existing railway) and the goldfields.²

Sir Benjamin Wesley Greenacre,³ who had been visiting the goldfields, returned to Durban ten days later and made public his views⁴ that the goldfields would prove exceedingly rich and bring business to Natal, provided the necessary steps were taken. The measures he had in mind were the extension of the railways and an adjustment of the Natal tariff thus securing Natal's share in the trade of the Transvaal.⁵ It was at this time that the Durban Chamber and the London Chamber of Commerce agreed officially to co-operate.⁶

The Port Elizabeth Chamber of Commerce was a little slower off the mark and it was not until the end of September that it met to consider what steps should be taken by the Cape Government to secure a portion of the

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1. Natal Advertiser 6 Aug. 1886.
 2. Ibid., 7 Aug. 1886.
 3. Greenacre (1832-1911) was in partnership with T. Morgan Harvey, the deputy chairman of the London South Africa trade section. Harvey and Greenacre had formed in 1860, four years after Greenacre had arrived in Durban from the U.K., Greenacre was later Mayor of Durban.
 4. In an interview given to the Natal Advertiser 17 Aug. 1886.
 5. Greenacre had been elected to the Legislative Council in his absence and an advertisement, which he had placed in the Natal Advertiser 20 Aug. 1886, presented his intentions as an elected representative to push the railway on to the goldfields, and also to take the necessary fiscal steps.
 6. SAMB 20 Aug. 1886. The agreement was made a week before Sprigg met the businessmen in London.

increasing trade with the Transvaal for the colony.¹ C.F. Blaine was chairman of the Chamber, but it took a timely intervention by William Macfarlane at a crucial meeting to provide this Chamber with detailed information about the activity of the Durban Chamber. He amended the resolution which the meeting had intended to pass for one which would harmonize the Cape tariff with the Natal tariff. Macfarlane, a member of the firm Mackie, Dunn & Co., explained that in this way a beggar-my-neighbour policy between the Cape and Natal could be avoided, and that it was only this, and no more, that the Cape Government was empowered to do under existing law in any case. The Port Elizabeth Chamber voted unanimously for the amended resolution.

This co-operative common tariff level was the policy which all the Cape Colony's chambers of commerce and mercantile bodies agreed upon.² At the meeting of the Cape Town Chamber of Commerce on the subject, the names of those present - Ross, Twentyman, and Anderson - recall the committee of the London South Africa section. The views of the Kimberley Chamber, that the Cape's dues should equal those of Natal, were put to the meeting. The meeting was held at such a late date that the chairman was able to tell the Cape Colony Chamber that the Government had decided on that same day to carry out the proposed changes in dues.³

1. The Port Elizabeth Telegraph 30 Sept. 1886.

2. Ibid., 7 Oct. 1886.

3. Ibid., 9 Oct. 1886.

This activity is an example of the dominant British business interests in southern Africa combining to present a united front in order to exercise political influence in the Cape and Natal in the face of a change in circumstances which threatened their control of business in the region. The offer of a common customs rate to the Transvaal was an attempt by the oligarchy of established mercantile interests, who all had firms in the City of London, to retain their profit levels at a difficult time. This is not to say that all interests were involved, or that local competition, for example between the west and the east Cape, disappeared¹; but in the face of this general threat most of the wealthy British business of South Africa managed to achieve a united opinion expressed through the chambers of commerce of the region, regardless of political boundaries and local rivalries.

In London, the South Africa trade section decided that the most it could officially ask for from the British Government was the appointment of British Consuls at the two ends of the proposed railway route, Delagoa Bay and Pretoria², which would compete with the existing southward routes. This the FO proceeded to do,³ and by the following spring the section was pleased to know that its demands had been met.⁴ During 1887-8 the Cape and Natal

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1. It did not, see the report of the Chamber of Commerce meeting, Port Elizabeth Telegraph 30 Oct. 1886.
 2. SAMB 28 Sept. 1886; RMB 2, 21 Oct. 1886, gives the letter from the Chamber to the FO. The letter also asked for a Consul at St. Lucia Bay.
 3. RMB 2, 4 Dec. 1886, Herbert immediately agreed to the Consul in Pretoria on behalf of the Secretary of State, but said that they would hear later from the FO on the Consul for Delagoa Bay.
 4. SAMB 4 Mar. 1887.

Governments attempted to buy this railway line which McMurdo's Anglo-American syndicate were building from Delagoa Bay towards the goldfields of the Transvaal.¹ Long discussions took place in the London Chamber of Commerce, and Dunn assured the section that the railway would not go on to Pretoria whilst it was in McMurdo's hands.² Dunn was proved correct, and the Portuguese Government took over the concession in June 1889 as McMurdo had only completed 82 kilometres of the line.³

There was another early reaction to the discovery of gold in the Transvaal which led City businessmen to make further demands on the British state, and further cement the close relations between British political and economic interests in the area. This was the expectation that similar riches to the gold discoveries might be found in nearby territories, and City money was ready to finance the necessary exploration. The Bechuanaland Exploration Company was floated in 1888 on the basis of a 400 square mile mineral concession in Khama's Country, north of the Transvaal.⁴ The main capital of this enterprise, those holders of more than 1,000 shares, came from City private

1. Robinson & Gallagher, op.cit., 219.

2. SAMB 20 Apr. 1888.

3. Philip R. Warhurst, Anglo-Portuguese Relations in South-Central Africa, 1890-1900 (1962), 112.

4. The Company's file is kept at Companies House, Company No. 26499, as the company is still in existence.

and merchant banks,¹ and wealthy merchants.² The South Africa Loan Mortgage and Mercantile Agency initially held a massive 50,000 shares, or more than a third of the total allotted, most of which it offloaded before the Bechuanaland Exploration Company was a year old.³

Early in 1888 Cecil Rhodes, who had made his money in the diamond mines at Kimberley and founded the Gold Fields (later Consolidated Gold Fields) of South Africa in 1887,

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1. Co. no. 26499. Charles A. Prescott (Prescott, Cave, Buxton, Loder and Co.) - 1,000 shares; Leo Rothschild (the London Rothschilds of New Court) - 4,200 shares; Edward Huth (Frederick Huth & Co.) - 1,200 shares; and Burt, Brochelon & Burt - 1,040 shares. This information was given in a return dated 6 Sept. 1888. The company was constituted in May 1888 of 150,000 shares of £1 each, of which 125,000 were allotted. 79,000 of these shares were to be considered as paid up, probably as payment for the possession of the Northern Gold Fields Exploration Syndicate Concession through the Caisse des Mines, and for the services of the civil engineer Edward Jones. A call up of 14/- was made on the other 46,000 allotted shares. J.S. Galbraith, 'Origins of the British South Africa Company', J.E. Flint & G. Williams (eds.), Perspectives of Empire (1975), 152, mentions Mosenthal & Sons, Henry Oppenheim, and the Baron Henry de Rothschild of Paris as being amongst the first subscribers. Oppenheim took 60 shares according to the September 1888 returns, but there seems to be no holding by the Paris Rothschilds at this time, although a few thousand shares were in the hands of Parisians.
 2. Mosenthal - 3,500 shares; C.N. Lawrence (Price & Pierce, commission merchants) - 1,200 shares; Robert McIlwraith - 1,200 shares; J.S. Collman - 1,200 shares; E. Schloessen - 1,000 shares; W.G. Anderson - 300 shares, & T.J. Anderson - 500; Edmund Davis - 4,000 shares.
 3. It is difficult to know the circumstances under which the shares were attributed to James Thorburn and John Robertson of the South Africa Loan Mortgage and Mercantile Agency. A clue may be that H.B.T. Farquhar, one of the directors of the British South Africa Company when it formed, was at this time chairman of the South Africa Loan Mortgage and Mercantile Agency.

talked to the Colonial Secretary, Lord Knutsford, about the hopes which he, Rhodes, had for opening up Matabeleland and Mashonaland through the De Beers Co..¹ A lot of City banking, merchant, and shipping capital was already involved in the diamond mines at Kimberley.² Most of the very wealthy British businesses with interests in South Africa had their fingers in the diamond mine pie.

Rhodes' venture, the Gold Fields of South Africa, was also floated largely with City money, including the wealthy merchants of the South Africa trade.³ A number of East India Merchants put their money in the mines led by the founder subscriber, C.G. Arbuthnot of Arbuthnot, Latham and Co., who had 1,000 shares.⁴ The extent to which merchants and merchant-bankers were to be found with substantial investments in both the Bechuanaland Exploration Co. and the Gold Fields of South Africa is

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1. Paul Maylam, Rhodes, the Tswana, and the British (Connecticut, 1980), 50; also Galbraith, *op.cit.*, 154.
 2. The London Rothschilds, the Mosenthals, J.H. Schroeder & Co., Sir Donald Currie, Paddon & Hill, Blaine, W.G. Anderson and De Pass all put money into the diamond mines, and the Standard Bank was involved in financing J.B. Robinson, Turrell, *op.cit.*, Appendices.
 3. The original seven subscribers were Thomas and Charles D. Rudd, J.J. Hamilton, W.M. Farmer (partner of W.G. Anderson), Francis Rhodes, Major General F.R. Pollock, and Charles G. Arbuthnot. Harry Mosenthal took 1,500 shares when it was floated. Frederick Huth and Co., merchant bankers, also took a large number of shares, Edward Huth 1,000, and Daniel Meinertzhagen 1,000.
 4. H.L. Arbuthnot of the same firm took 3,000 and the firm itself took another 200. Robert Ryrie of Arbuthnot, Ewart and Co. took another 1,000. Alexander Lawrie took 250 and John Mackintosh 100. Harvey Brand and Co. had 700, of which W.T. Brand had 200 and James Brand 500.

significant.¹ It was an indication of the willingness of merchants to invest some of their capital in gold mines when they had the opportunity, in the same way as they had in the diamond mines in the 1870s. The large presence of East India merchant capital demonstrates that the inclination was not limited to merchants with interests in South Africa. When so much of the capital for the Gold Fields and the Bechuanaland Exploration Co. came from the City it is difficult to see one or the other as anything but metropolitan in character, and any competition between them as secondary to the main fact, which was that the expansion of British business in the area was City financed.

At the same time as very wealthy City interests were becoming involved, directly and indirectly, with the idea of profit-making to the west and north of the Transvaal, the London Chamber of Commerce organised a public meeting to provide a platform for Revd. John Mackenzie. He had been running a campaign throughout the previous year in order to gain support for the direct imperial administration of this same area which he named 'Austral Africa'.² The address was given a week or so before the

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1. For example, Frederick Huth and Company had 1,200 shares in the former and 2,000 in the latter. Mosenthal had 3,500 and 1,500 shares, J.W. Anderson and Co. had 600 shares in the Gold Fields through its partner W.M. Farmer and 800 in the Bechuanaland Exploration Co. via the Andersons.
 2. Mackenzie's book Austral Africa, Losing it or Ruling it (1887), set out his ideas in detail. He wished for a federation of the different colonies and states of South Africa under British rule which would stretch up to the River Zambesi. This, to Mackenzie, was the ideal way of bringing civilisation and Christianity to the area.

floating of the Bechuanaland Exploration Company, and one of the proposals which Mackenzie made at the meeting was for a railway north through Bechuanaland,¹ a suggestion which the Bechuanaland Exploration Company made to the CO.²

Seventeen Members of Parliament were at the meeting, including Sir Donald Currie and Sir R.N. Fowler, as well as the president of the Cape Town Chamber of Commerce, Walter Searle, and the Cape's Agent-General, Mills. It was a powerful meeting at which the resolution, declaring the general desire for an extension of British influence up to the Zambesi, was proposed by Sir Charles Warren of expeditionary fame, and seconded by Baden-Powell. Added importance was given to an already influential assembly by the presence of Joseph Chamberlain in the chair.³ It is little wonder that the meeting caused widespread comment throughout the South African press, all of which was carefully collected at the CO.⁴

In July 1888, Sir Hercules Robinson was instructed to inform Kruger that the whole of the area south of the

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1. CCJ June 1888 Supplement; The Times 15 May 1888, 10.
 2. Maylam, op.cit., 78.
 3. Here is a second example of the coincidence between Chamberlain's economic and political interests. The Times 15 May 1888, emphasised the importance of the meeting for the way in which it marked a change in Chamberlain's political views on the Empire.
 4. CO 417/26, 18 July 1888, London Chamber of Commerce to Knutsford enclosing a copy of the CCJ Supplement, appended are the cuttings from the Natal Witness, the Natal Mercury, the Cape Argus, the Capetown Mercury and De Volkstem. This meeting was described by Sillery, op.cit., 146, as the single most important event of Mackenzie's 1887-8 campaign.

Zambesi was a British 'sphere of influence'¹. This novel method² of proclaiming domination of a territory was forced upon Lord Salisbury by the lack of parliamentary will to agree to a protectorate for the area.³ As the CCJ had complained at the beginning of the year in an editorial on the 'Future of South Africa': 'The average voter, the condition of whose pocket limits the action of Her Majesty's Government, has no knowledge of and no interest in Colonial questions'.⁴

If public money was not available to push forward the frontiers of empire, City money was willing to extend the areas in which profits were expected, and in September 1888 the Exploring Company carried out a survey of the proposed railway to the north.⁵ In the following month the company submitted its conditions to the CO. The demands included the acquisition of land, mineral rights, the power to levy taxes, to carry out irrigation and to

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1. Robinson & Gallagher, op.cit., 221-2, suggest that earlier pressure for the extension of Bechuanaland northwards had been offset by opposition from the Cape but the situation changed with the discovery of gold in the Transvaal and the expectation of a new rand for colonial enterprise in adjacent territories.
 2. According to Meade at the CO, Sillery, op.cit., 151.
 3. Robinson & Gallagher, op.cit., 222.
 4. CCJ Jan. 1888.
 5. Maylam, op.cit., 81. The Exploring Company, BT 31-4176/26995, had been formed by the same group as those composing the Bechuanaland Exploration Co., Lord Gifford, R.W. Murray, F.I.R. Seaver, George Cawston, and Edward Jones. All had one, two or three hundred of the founder shares. The Bechuanaland Exploration Co. itself held the other half of the founder shares, 1,000 shares. 10,000 ordinary £1 shares were also issued. Lord Gifford had served in Wolseley's Ashanti campaign, participated in the Zulu War, held a position in the colonial service in Western Australia, and Gibraltar. He had a directorship in a number of gold mining companies in Africa and Australia, the Kaiser Gold Mines, the Goldfields of North Queensland, and was the chairman of Notre Dame des Victoires (Transvaal) Gold Mining Co..

lay out townships.¹

It was in November that the South Africa section of the London Chamber was informed by its chairman, Dunn, that it was desirable that the Government should be strengthened with an expression of opinion on the Bechuanaland issue, as questions had been asked in Parliament.² A resolution was subsequently passed which approved of the 'extension of the British protectorate', stressed the need to keep Bechuanaland out of Boer hands and under the direct rule of Britain, and asked that the CO should receive a deputation on the subject.³

Dunn and the trade section were apparently confused by the new fine distinction between the concept of a protectorate and that of a sphere of influence. This became evident at the deputation which took place in January when Knutsford pointed out the different grades of imperialism represented by the colony of British Bechuanaland, the protectorate of Bechuanaland, and the

1. Maylam, op.cit., 81.

2. SAMB 14 Nov. 1888. Mackenzie, Searle and J.J. Ingram were present as guests. The only question which had been asked in the House had merely queried the placing of the eastern boundary of the British protectorate at 30° and that of the sphere of influence at 20° longitude. The importance of this question arose from rumours of the Rudd concession, and it was intended to establish whether the British sphere of influence included the territory the mineral rights of which Lobenguela was reported to have sold to a 'Cape syndicate' for £1,200 and some rifles. For the details of the relation between the parliamentary question and the concession granted to the Cape syndicate, see the pamphlet of the South Africa Committee, CO 417/37, 358-363.

3. The section also decided to contact the other major British chambers of commerce in order to enlist their support.

sphere of influence around Bechuanaland.¹ When compared with the statement Lord Derby had given to businessmen a few years previously, when he equated British annexation with a British protectorate,² it is understandable that such confusion existed. The speed with which diplomatic arrangements had had to adapt to the demands for imperialism by businessmen, while operating within the confines of a parliamentary political system, was the source of the fine distinctions and misunderstandings.

Judging by the letter that was sent to the CO in December from the London Chamber of Commerce, the advancement of the railway north was their main concern.³ This was an objective which was shared with Mackenzie who had close contact with the CO.⁴ The suggestion that the Government needed supporting with a resolution from the section might even have been suggested by the Government.⁵

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1. Dunn retorted that he thought it was very difficult for the natives to define the difference, Cape Argus 11 Jan. 1889. The report of the deputation in this newspaper was preferred, by Herbert at the CO, to that in The Times, CO 417/26, letter from the London Chamber of Commerce to the CO, 19 Dec. 1888, annexed cuttings and minute.
 2. The Times 4 Nov. 1884, 10, 'you know that a protectorate means annexation. It is the same thing . . .'
 3. CO 417/26, 6 Dec. 1888, the London Chamber of Commerce to CO. The reason given for placing Bechuanaland under direct rule was that the railway north was dependent upon this, and that trade in turn was dependent upon the railway.
 4. Sillery, op.cit., 146.
 5. Lord Salisbury had prompted such action on other occasions, for example when he wanted the Portuguese to think that he had a strong public opinion behind him, Oliver, op.cit., 151; or when he stimulated Johnston to write an article for The Times in August 1888 on British policy in Africa, *ibid.*, 139.

Certainly, the Government was encouraging the railway enterprise at this time.¹

Between the time that the South Africa section asked for a deputation on the topic of Bechuanaland in November and the time that the deputation occurred in the new year circumstances had changed. The prospectors for the Bechuanaland Exploration Company had reported that Khama's country was abundant with gold reefs;² news of the Rudd concession which Rhodes and Beit were to finance was confirmed;³ and Lord Knutsford, who had no objections to a strong company having a charter provided that that was the limit to Government involvement in the area, had told Gifford that in his efforts to obtain a royal charter for the Imperial British Central South Africa Company he should try to work with Rhodes.⁴ The Gifford group made one last independent attempt to obtain state backing for their capital investment early in January 1889, when the CO was asked whether they would grant a charter for a scheme which merged the Bechuanaland Exploration Co. and

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1. According to a letter from Mills to Merriman, which is quoted in Schreuder, *op.cit.*, 213, Mills claimed that £3m of City money was ready for investment in the railway northwards. Many private interviews were taking place at this time between the representatives of enterprises financed by the City and Government departments, Maylam, *op.cit.*, 78; Galbraith, *op.cit.*, 154.
 2. Maylam, *op.cit.*, 22.
 3. Lobenguela apparently signed the concession 30 Oct. 1888, Sillery, *op.cit.*, 153.
 4. Galbraith, *op.cit.*, 163. Rhodes had already proposed a degree of amalgamation after meeting R.W. Murray and Sir Charles Metcalfe during their survey work for the Exploring Co. in South Africa, Maylam, *op.cit.*, 53.

the Exploring Co. into one undertaking.¹ It was as a result of this application that Sir Hercules Robinson, the High Commissioner of South Africa who was also a director of De Beers, warned Rhodes that, unless he travelled to England to see Lord Salisbury and Nathan Rothschild personally, the Rhodes group was in danger of being out-manoeuvered by the Gifford group.²

Thus, when the deputation from the London Chamber of Commerce took place on 9 January 1889³, the stage was being set for an amalgamation of the two groups who sought a royal charter. Under these new conditions Gifford, who had promised to attend the deputation, found himself detained elsewhere when it took place.⁴ Chamberlain also sent his regrets that he was not able to attend. Nevertheless, it was a well-attended deputation which Henry Kimber MP introduced.⁵ The main points put by those who attended were that the Government should develop its administration in the area, and that the projected railway from Kimberley

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1. CO 417/38, 3 Jan. 1889. Herbert was under the misguided impression that this application had the backing of Rhodes and the wealthy Colonel North who had made his fortune out of Chilean nitrate. North was at that time forming the Bank of Tarapaco and London.
 2. Maylam, op.cit., 54.
 3. CO 417/38, 3 Jan. 1889. It is not clear why it was postponed until this date as the information was sent in a private letter on 12 Dec. 1889 which is noted in the register, but not in the files, at the PRO.
 4. Cape Argus 11 Jan. 1889, Gifford was described as the chairman of the Bechuanaland Railway Co.. He had submitted his plans for the railway to the Government on 20 Dec. 1888, CO 417/26.
 5. Present were Dunn, Mackenzie, Bell, Twentyman, Macalister, Hamilton, Dyer, Thomson, Searle, Arnold-Forster, N. Thomas, Maynard (Union Steamship Co.), Stein and James Ansell.

through Bechuanaland should be speedily constructed.¹

As in the case of West Africa, the state had been confronted with competing interests and its response was to encourage the competitors to amalgamate. In March Rhodes and Beit left South Africa for England, and at the end of April Gifford, with Rhodes' support, submitted a plan to the CO.² The two economic groups were amalgamated into the Central Search Association in May.³ At the same time the Exploring Company liquidated itself and reformed as The (new) Exploring Company, its shares being distributed between the two groups.⁴

The draft charter for the British South Africa Company was submitted by Gifford in June 1889, and the charter was quickly granted.⁵ The final amalgamation of all assets and investments took place in June 1890 with the formation of the United Concession Company which took over the Central Search Association as a going concern.⁶ There were no real losers from the City's point of view,

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1. The South Africa Question (1889) - a pamphlet produced by the South Africa Committee, (a copy may be found in CO 417/24, 24 Feb. 1889) records that nearly a month later this committee was also granted an interview which was confidential.
 2. Maylam, op.cit., 53.
 3. Galbraith, op.cit., 166. A quarter of the shares went to Gold Fields of South Africa (25,500), 22,500 went to the Exploring Company, and Rhodes, Rudd and Beit held about 36,000 shares between them.
 4. BT 31-4468/29152. Only 10,000 of its 35,000 shares were offered to the market, the rest were distributed amongst the Bechuanaland Exploration Co. (4,725), Rhodes (4,800), Beit (4,793), Gifford (600), Cawston (1,000), Maund (6,000), Jones (1,350), and R.W. Murray (1,050).
 5. Maylam, op.cit., 54. It was granted within four months.
 6. BT 31-4815/31926. 4m £1 shares were offered, of which only 1.3m were immediately taken up. The Exploring Co. had a quarter of these shares.

as many merchants and some bankers, like the Rothschilds¹, had money on both horses involved.

City interests were clearly involved in the promotion of the diamond and gold mining companies, the exploration companies, and the mercantile firms. All of these were interested in who controlled the trade routes. All interests were also in favour of the expansion of the power of the British state in the area accompanying the extension of economic interests there, although they did not always all agree on the form which the power of the state should take. The state in turn was dependent upon the business interests for the extension of its power in the region, as the business capital could facilitate, in the short term, a policy which the City proposed but which Parliament was not prepared to finance at that time.

The East India and China Trade Section

The first major event involving the London Chamber of Commerce in the relations between the state and City businesses with interests in the East was the annexation of Upper Burma. After the withdrawal of the British Resident from Mandalay and Bhamo in 1879 and the abolition of the Mixed Court, British trade with Upper Burma declined². Burma proceeded to open diplomatic relations with the French early in 1883.

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1. They had 3,000 shares in the Central Search Association when it was formed, BT 31-4451/28988; also mentioned in Galbraith, *op.cit.*, 166.
 2. The situation was presented in this way in a memorial to the Government, CCJ Apr. 1886, 96. For further details, see A.T.Q. Stewart, The Pagoda War (1972).

The Council of the London Chamber of Commerce were officially made aware of the situation by a memorial from a large number of City merchants, and quickly sent a memorial to the India Office.¹ Fears about the general activities of the French in the Far East were raised in the following year, particularly over the French expedition to Tonquin and the construction of a railway from Saigon to Phnom-Pen². In October 1884 British business interests³ in Rangoon organised an enormous meeting of the whole of the British mercantile community and 2,000 Burmese at which a resolution was passed urging that the British Government should be sent a memorial about the state of affairs in Upper Burma.⁴

A few months later City merchants with interests in Burma met in the London Chamber of Commerce and the result was a memorial, endorsed by the Council of the Chamber, which they hoped to present to the Secretary of State for

1. CCJ Feb. 1883, 44.

2. CCJ June 1883, 144.

3. These were essentially the Irrawaddy Flotilla Company, the Bombay Burmah Trading Corporation (floated in 1863 to take over the business of William Wallace, see A.C. Pointon, The Bombay Burmah Trading Corporation Ltd. 1863-1963 (1964)), Messrs. Gillanders, Arbuthnot and Co., and Messrs. R. & J.Q. Rowett. These were the companies represented at a deputation from the Rangoon Chamber of Commerce to the Chief Commissioner, Parl. Papers (1886) L, (c.4614), 269, 'Correspondence relating to Burmah since the accession of King Theebaw in October 1878', (henceforward Burma Corresp.), enclosure 4 in No. 125, 24 Sept. 1885. Wallace Bros. of London had the largest interest through their direction of the Bombay Burmah Trading Company, see A.C. Pointon, Wallace Brothers (Oxford, 1974).

4. This information is given in a memorial presented to Kimberley in March 1885, CCJ Apr. 1885, 96; see also Burma Corresp. No. 96, 6 July 1885, from Messrs. Milne and Co. to Lord Randolph Churchill.

India.¹ The Earl of Kimberley received the deputation at the India Office on 25 March² and prominent members of the deputation, such as S.S. Gladstone (a partner in Ogilvy, Gillanders and Company)³ and W. Paterson (of Paterson and Simons)⁴, made it clear that they wished the Government to annex Upper Burma. The memorial which they presented appeared more modest, asking for a British Resident in Mandalay with an assistant in Bhamo, both with sufficient force to support them, and for the re-establishment of the Mixed Court. Kimberley assured the deputation that Lord Dufferin was aware of 'the unsatisfactory position of affairs' and that relations with Burma would be restored without resort to annexation.

As in South Africa, the City business interests worked through the local chambers of commerce when appealing to the local government bodies. The Rangoon Chamber of Commerce, having asked the Viceroy of India to establish order in Upper Burma to no avail, then wrote directly to the Secretary of State. This letter, which

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1. CCJ Apr. 1885, 108. The Council meeting was held on 13 Mar..
 2. Ibid., 96. Those present included Sir W. McArthur, Samuel Morley, R.N. Fowler, S.S. Glasdtone, E. Garnet Man, S. Oppenheim, R. Gladstone (Liverpool), Ernest Haines, Holt S. Hallett, W.M. Porter, Alexander Fraser, John Watson, W. Gillam, John Haddon, W. Paterson, G.W. Anderson, W. Nursley Witt, and the secretary of the London Chamber.
 3. This firm was the London end of Gillanders, Arbuthnot & Co., Gladstone was later a director of the Peninsular & Orient Steam Navigation Co., and in 1899 Governor of the Bank of England of which he was a director at this time. H.N. Gladstone, third son of W.E. Gladstone, became a partner in both the Gillanders firms, as well as a director of the Chartered Bank of India, Australia & China in 1897.
 4. Paterson was a director of the Chartered Bank, and the chairman of the London, Paris & American Bank at this time.

the Chamber had sent previously to the London Chamber of Commerce,¹ outlined the arguments of the British businessmen, and two points they made were particularly strong. The first removed the usual constraint conspicuous in considerations of British imperialism, by pointing out that British Burma produced a revenue surplus every year (which went into the coffers of the Indian Government) and that consequently the annexation of Upper Burma would pay as a commercial undertaking. The second was a blunt warning, that if there was no change in the policy of the Indian Government all the rich markets of Upper Burmah would be lost by British businessmen, probably to the French.

These fears appeared to be realised when a French Vice-Consul, M. Haas, arrived at Mandalay in May 1885, the news of which was telegraphed to the London Chamber of Commerce. The executive of the London Chamber immediately wrote to the India Office with the information and also reported the rumour that a proclamation was soon to be issued reducing the import duty on French goods into Upper Burma to half that which was applied to British goods.² In July the London Chamber again wrote to the India Office, this time enclosing the letter from the Rangoon Chamber of Commerce.³ Matters worsened in August when King Theebaw alleged that the Bombay Burma Trading Co. had fraudulently exported timber from Upper Burma and demanded

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1. Burma Corresp., No. 94, 1 June 1885. The date of the original letter to the London Chamber was 18 May. A copy of this letter was also sent to the India Office by Milne and Co. of Glasgow, *ibid.*, No. 96.
 2. *Ibid.*, No. 95, 4 June 1885.
 3. *Ibid.*, No. 97, 16 July 1886.

royalties of around £200,000 from the firm.¹ The company took the case to an English court and in early September Lord Randolph Churchill, the newly-appointed Secretary of State for India, issued a virtual ultimatum to Mandalay.²

A month later King Theebaw refused to accept the company's version of the dispute and Dufferin responded with an ultimatum which demanded trade concessions and the acceptance of a British agent. Before the demand had reached Mandalay, British troops were already embarked for Rangoon and Churchill had announced the probability of a war which would have results beneficial for British trade.³ Before the war began in early November, the London Chamber of Commerce had held a special meeting, again in response to leading London firms, at which it expressed its satisfaction at the prompt action taken by the Government and urged that annexation or at least 'an efficient protectorate' be established when the fighting ended.⁴

Parallel with the London Chamber's activities over Burma ran its efforts to promote the construction of a railway line from India to China. The Colquhoun-Wahab expedition of 1882 had revived the idea of such a railway, and the CCJ had given much publicity to it.⁵ In 1883 Colquhoun addressed the leading British chambers of

1. Stewart, op.cit., 72.

2. R.F. Foster, Lord Randolph Churchill (Oxford, 1981), 208.

3. Ibid., 209.

4. Burma Corresp., No. 133, 23 Oct. 1886. The meeting had been held on the previous day.

5. CCJ Nov. & Dec. 1882 Supplements.

commerce and received some financial backing from them for a survey expedition.¹ Funds were not sufficient for a complete survey, as the Government of India refused to contribute or to pay Colquhoun a salary whilst the survey was undertaken. Holt S. Hallett carried out the project as far as the contributions would allow², and The Times financed Colquhoun as its correspondent to undertake a special mission to the area.³

The London Chamber provided a platform for Hallett's paper on his survey expedition and published it.⁴ The meeting which heard his address endorsed the mercantile importance of the railway communication from Burma to China by passing a resolution, and when the Council met it was agreed that a circular letter be prepared to be sent to the British and Indian Chambers of Commerce urging them to support the India-China railway scheme.⁵

A month or two later, in September 1885, Colquhoun addressed the London Chamber of Commerce on the subject,⁶ and at the monthly Council meeting in October he was cross-examined on the feasibility of the scheme.⁷

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1. CCJ Nov. 1887 Supplement; see also the Proceedings of the Manchester Chamber of Commerce, 1879-85, 28 Nov. 1883. London gave £500, as did the Glasgow and Rangoon Chambers of Commerce, Manchester eventually gave around £400, the Hong Kong Chamber of Commerce £300, and the Singapore Chamber £100.
 2. CCJ Nov. 1887 Supplement.
 3. Nathan H. Pelcovits, Old China Hands (New York, 1948), 139.
 4. CCJ May 1885 Supplement, 'Railway Extension to South West China and Siam'.
 5. CCJ June 1884, 160-1.
 6. CCJ Oct. 1885 Supplement, 'A National Policy in the East'.
 7. CCJ Nov. 1885, 292. The president of the Glasgow Chamber, Sir James Bain, was also present.

Colquhoun managed to convince the Council, and the rough minutes of the meeting reveal that the calculations involved were based upon the assumption that Upper Burma would be annexed and the trade from the Shan States would be then directed via Moulmein.¹ Thus the question of the annexation of Upper Burma and the scheme for a British Indo-China railway were firmly connected, so far as the City was concerned.

The Council requested that the executive of the Chamber take the necessary steps to impress upon the Government the importance of the railway scheme, and a meeting of representatives from the Manchester, Glasgow, Liverpool, Calcutta and Rangoon Chambers of Commerce was to be organised by the City in order to examine the project more fully. H.M. Matheson pressed the Council at the November meeting² to do what it could to gain access to China as he considered it to be the largest market that Britain could have. The CCJ in the same month devoted an editorial to Burma and the need to develop new markets.³ The Indo-China railway project was also cited in the London Chamber's reply to the Royal Commission on the Depression of Trade (which the CCJ published in December),⁴ as an example of what could be done to pull British business out of the trade depression.

1. RMB 2, 8 Oct. 1885.

2. RMB 2, 12 Nov. 1885. For details of Matheson and his firm, see pp. 147-148 below.

3. CCJ Nov. 1885.

4. CCJ Dec. 1885 Supplement.

Burma was again discussed at the Council meeting in December 1885, as a result of further representations from important East India merchants in the City, and a letter was sent to the India Office detailing economic reasons for annexing Upper Burma, including the Shan States.¹ Almost alone,² the London Chamber of Commerce pressed for the annexation of Upper Burma, and had allied the question with that of the railway to China. As far as the London and Rangoon Chambers of Commerce were concerned, it appears that the pressure on the Government was exerted officially and publicly³, much of the information on the changing position of the French in the area coming from business sources.⁴ There were, however, other covert City interests which were in operation at the time.

The most recent study which includes the annexation of Burma, in contrast to previous histories, brings out the growing intimacy between Lord Randolph Churchill,

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1. Burma Corresp. No. 170, 11 Dec. 1885.
 2. The exception was the Liverpool General Brokers' Association which wrote to the India Office advocating annexation rather than the creation of a protectorate, *ibid.*, No. 162, 2 Dec. 1885. Some City newspapers also pressed for annexation, The Statist 17 Oct. 1885, 430.
 3. This is to ignore the private family connection between James Bryce and his brother J. Annan Bryce who had been one of the three Bombay partners of Wallace & Co. between 1876 and 1884, and particularly active in Burma during this period before being made a partner in the London firm of Wallace Bros., Pointon, *op.cit.*, 22-3. It is also to ignore the possible private contacts which Matheson no doubt had with politicians and civil servants, see p.157 below.
 4. Burma Corresp., No. 95, 4 June 1885. The London Chamber of Commerce letter which passed on the information that Haas had arrived; *ibid.*, No. 134, 29 Oct. 1885, the Glasgow Chamber of Commerce enclosed a translation of a contract between the Burmese Government and the Comte de la Bourdonnais; also *ibid.*, No. 125, 12 Oct. 1885, see the numerous telegrams from Jones of the Bombay Burma Trading Co..

Secretary of State for India, and Nathan Rothschild.¹ Further, the account records the persistent use by Churchill of the importance of trading interests² and how he emphasised every rumour about French banking and railway initiatives in Upper Burma to the Cabinet.³ The work includes the fact that within a week of the announcement of the annexation of Upper Burma a Rothschild company had applied to take over all Burmese railways and to construct lines to the frontier⁴, as well as an account of the later attempts of the Rothschilds to gain possession of the ruby mines,⁵ and their arrangement of a loan to smooth over the difficulties caused by the continued presence of Burmese envoys in Paris once the British troops had entered Burma.⁶

As an example of the relationship between the City and the State, the annexation of Burma provides the historian with evidence of various economic interests. Some were expressed officially and publicly through chambers of commerce, and others via intimate relations

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1. Foster, *op.cit.*, 206 & 395.
 2. *Ibid.*, 208.
 3. *Ibid.*, 207.
 4. *Ibid.*, 195.
 5. *Ibid.*, 211. For more details of the struggle for possession of the ruby mines in the mid-1880s, see Stewart, *op.cit.*, ch. 12; and Parl. Papers (1887) LXIII (c.5140), 'Correspondence regarding the Ruby Mines of Upper Burma', 535.
 6. Foster, *op.cit.*, 211. The envoys had already arranged a railway concession with the French. The diaries of Edward Hamilton, BL Add. MSS 48649, 21 Aug. 1888, record that Churchill turned to Rothschild for everything. They also note, *ibid.* 48650, 4 Jan. 1889, that he was later given up as a hopeless politician, and *ibid.* 48675, 23 July 1899, that before the end of the century Nathan Rothschild had struck up a close friendship with A.J. Balfour in place of Churchill.

hidden from the public at the time. Certainly the City as a whole applauded the annexation of Burma, even The Economist congratulated the decision to annex rather than form a protectorate in Upper Burma, on the grounds that it would encourage the swifter development of business in the area.¹

It is not possible to say that this example of British imperialism was based purely on economic considerations. Opponents of such an economic approach to the matter² agree, however, that economic motives and imperial strategy were interdependent,³ and interacted.⁴ The official requests from the Rangoon and London Chambers of Commerce for imperialism of some description in Upper Burma, in order to relieve the suffering of trade and answer the threat posed by French, provided justification for the British Government's action. The equation of British business activity abroad with the power of the British state in particular areas of the world had become a firmly held belief, if not a reality, and any attempt to extricate the one from the other in order to distribute responsibility for imperialism would appear almost impossible. Both economic and political factors were indispensable to each other. For this reason Churchill was to be found disseminating the business advantages to the Cabinet, and the London Chamber of Commerce to be

1. Econ. 2 Jan. 1886, 9.

2. Stewart, op.cit. 66, argues against the thesis of Woodhouse on the grounds that the economic interests were 'not completely coincident'. Foster sets out to show how electoral matters were Churchill's overriding consideration.

3. Stewart, op.cit., 66.

4. Foster, op.cit., 207

editing its resolutions to exclude any direct references to British business interests.¹

City businessmen with an interest in India and the Far East formed a trade section within the London Chamber of Commerce not long after the war with Burma had begun.² As chairman, it elected H.M. Matheson³ of Matheson and Co., who remained at the head of the section until his death twelve years later. He had chaired the group of London merchants formed in the previous decade to oppose the treaty with China. There was no doubt as to his place as the most influential City businessman on matters concerning the East. Indeed, the first president of the London Chamber of Commerce had been a partner in his firm. Matheson & Co. was the City firm of Jardine, Matheson & Co., and the manager of the Hong Kong headquarters of the firm, William Keswick, was also the chairman of the Hong Kong and Shanghai Banking Corporation which dominated the foreign financial activity in China and Japan.⁴

When considering the role of Matheson in relations between the City and the State, it should be remembered that not only were the interests of Jardine, Matheson & Co. and the Hong Kong and Shanghai Bank firmly intertwined

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1. RMB 2 - the adjourned Council meeting of 22 Oct. 1885.
 2. Guildhall Library MS 16, 532. The Minute Book of the East India and China trade section (henceforward EICMB), 16 Dec. 1885.
 3. His wife wrote his biography, Memorials of H.M. Matheson (1899). He had put the capital of the firm into the founding of the Rio Tinto Company of which he was the chairman. H.M. Matheson had six times refused to be an MP on grounds of business and health. (Alexander Matheson was a director of the Bank of England).
 4. Maurice Collier, Wayfoong: The Hong Kong and Shanghai Banking Corporation (1965).

(the bank lending the firm silver with which to influence the officials of the Chinese Imperial Household and others), but that they were also both tied in with the British presence in China. The silver which the bank supplied as short term loans on Jardine, Matheson's account came originally from the British Government's Treasury Chest and the account of the Inspector General of the Chinese Customs, Sir Robert Hart of the British Consular Services.¹ The cash which promoted the Matheson business in China and the Far East was indirectly provided by the British state, and by an arrangement which the British state had imposed upon China, controlled by one of Her Majesty's Diplomatic and Consular Representatives Abroad. When Matheson spoke upon eastern matters in the City, the strength of his influence was ensured by the confluence of the economic and the political.

James Macandrew, another member of the Matheson firm and a director of the Indo-China Steam Navigation Company, was also elected to the committee of the East India and China section. The committee's two vice-chairmen were W. Paterson and O. von Ernsthause. Paterson, apart from his partnership in Paterson & Simons, in Ker and Co., and his position on the boards of the Chartered Bank and the London Paris and American, was also a director of the Neptune Steamship Co., the Thames and Mersey Marine

1. Collier, op.cit., 34,49 & 60. The Chest meant that £75,000 a month in silver passed through the bank. The customs account contained the fines, fees and confiscations of the customs.

Insurance Company and the Spanish Copper Company. Ernsthausen's company had its main interests in Calcutta and he was a member of the London Jute Association.

There were three other businessmen elected to the Committee of the section who, besides Paterson, were associated with the Chartered Bank of India, Australia and China - Dent, Whittall and Gwyther. Sir Alfred Dent of Dent Brothers was considered largely responsible for obtaining in 1881 the Royal Charter for the British North Borneo Company of which he was a director. He was also a director of the Royal Exchange Co., the North China Insurance Co., the Shanghai Waterworks and later the Chartered Bank, of which he became chairman in 1890. James Whittall had been manager of the Hong Kong headquarters of Jardine, Matheson, and in 1885-6 was a general merchant with interests in Ceylon. He was a director of the Chartered Bank and, like Paterson, of the London, Paris and American Bank as well. J.H. Gwyther represented the Chartered Bank on the Committee. He was the manager of the bank at that time, becoming a director in 1887 and its chairman in 1896. A few years later Gwyther took a place on the board of the London, Paris and American Bank, and of the City Bank.

Also on the Committee were Sir H.S. King MP and W.W. Cargill. King's company, originally East India and Colonial agents, was described as bankers and East India agents in 1886. Cargill was joint managing-director of the New Oriental Bank Corporation with A.J. Macdonald. The Committee was completed with P.F. Tidman of Mactaggart, Tidman and Co. with interests in Batavia;

Cardross L. Grant of the China firm of Adamson, Bell & Co.; H. Ahrens of Volkart Brothers with interests in Karachi; Alexander Patrick Cameron of MacLaine, Watson and Co. destined to take a place on the board of the Chartered Bank a few years later; J. Annan Bryce of Wallace Brothers, whose agents in the Far East were Matheson and Co.; and representatives of Alex Lawrie and Co., Blyth, Greene and Jourdain, and Ireland Fraser.

At the section's second meeting a resolution was passed approving of the annexation of Burma.¹ It was at this same meeting that the secret context of such resolutions was indicated by Matheson. His main concern at this time was for more active assistance from the Government 'in the promotion of commercial enterprise in foreign countries', as such activity was being provided by the United States and Germany for their businessmen. What was revealing was that the letter which he presented to the section for approval, before sending it to the FO, had been compiled with the assistance of Sir Julian Pauncefote, the Permanent Under-Secretary at the FO.²

The subject of the letter was the fear that a German syndicate was about to arrive in China and negotiate a loan which was thought to involve conditions favouring

1. EICMB 19 Jan. 1886.

2. Ibid..

German business interests.¹ A letter had appeared in The Times which argued that the London Chamber of Commerce should send a memorial to Lord Salisbury requesting that the Government should rescind its old traditions and instruct the British Minister in Peking to support bona fide English business as the question was of national importance.² The result of the businessmen's requests was the despatch of the Salisbury telegram to Peking, an event which has been described as a crucial decision in the relationship between business and the state.³ The British Minister was instructed that: 'In cases where foreign representatives interfere to the detriment of British commercial interests you are at liberty to give the latter your support.'⁴

Sir Julian Pauncefote, who helped compose the important letter which the London Chamber officially sent to Lord Salisbury, has been shown to be a master at distinguishing between the official and the unofficial capabilities of the FO.⁵ He was a man to whom the Rothschilds wrote directly in private letters giving

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1. FO 405/41 'Correspondence regarding British Trade and Commerce in China and other countries', No. 9, suggests that the syndicate was formed by the Berlin Discount Co., the German Bank, Krupp, and Rothschilds with a view to sending agents to China who would tender for loans at low rates on condition that the loan was used for German arms, rails and the like. Ibid., No. 10, refers to articles in The Globe 1 Jan. 1886, and The Times 2 Jan. 1886.
 2. It was written by Panmure Gordon, a prominent City stockbroker, FO 405/41, No. 14; also cited by David McLean op.cit., 467.
 3. D.C.M. Platt, Finance, Trade and Politics in British Foreign Policy, 1815-1914 (Oxford, 1968), 304-5; this is mentioned by McLean, op.cit., 468, who concurs with Platt.
 4. FO 405/41, No. 19, Salisbury to O'Connor, 26 Jan. 1886.
 5. McLean, op.cit., 470.

confidential information and who in turn called upon the Rothschilds at their business address.¹ The fact that Matheson and Pauncefote came together to concoct the letter which the London Chamber of commerce was to send back to the FO demonstrates the degree to which official communications could be stage-managed by City businessmen and Government departments. The masquerade of the official performance continued out in China where O'Connor officially held himself aloof from the intrigues of economic competition, yet used the information he gained officially to instruct Jardine, Matheson privately which Chinese officials to approach, and perhaps bribe.² Official communications between businessmen and Government departments may be regarded, therefore, as performances played out according to scripts secretly prepared in the private reality of the close relationship between City and State.

Apart from the direct communication with Whitehall, business interests also employed the indirect route, via Westminster, to ensure that it came quickly to the notice of the relevant minister. A few days after the section had approved the Matheson/Pauncefote letter at the London Chamber of Commerce, Robert Bourke³ wrote to Philip Currie⁴ recounting the views of 'our Commercial friends'

1. FO 17/1038, Lord Rothschild to Sir Julian Pauncefote, 4 Aug. 1886, 9-10; also cited by McLean. Pauncefote had been sympathetic to business interests in the East on earlier occasions, see Pelcovits, *op. cit.*, 131 & 137-8. The Rothschilds were also in correspondence with Sir Philip Currie on the matter later, incidentally praising Jardine, Matheson, FO 17/1038, Lord Rothschild to Currie, 27 Aug. 1886, 149-150; also cited by McLean.

2. McLean, *op.cit.*, 471.

3. Baron Connemara (1827-1902), MP for King's Lynn 1868-1886, Under Secretary of State for Foreign Affairs.

4. First Baron Currie of Hawley (1834-1906), assistant Under Secretary at this time.

on the China question. Bourke instructed him to bring the matter before Lord Salisbury, suggesting 'some practical step'.¹ The practical suggestion proposed by Currie was the telegram to which Salisbury agreed.²

The CCJ celebrated the Salisbury telegram as an example of the Government's willingness to declare its support for British business abroad, and as 'a new departure in the relations between the British Government and trade'. The Journal also assumed responsibility for having initiated this development.³ With a change of Government intervening, it was on behalf of Lord Rosebery that the London Chamber received replies to the Matheson/Pauncefote letter. The Chamber's request for support to be given to businessmen was acknowledged and the action taken by the Government in respect of China announced.⁴ A second letter from the FO sought to extend the action by taking up the general question of support for British businessmen abroad, whilst simultaneously attempting to play down the importance of the Salisbury telegram by declaring that such action had always been the responsibility of Government representatives abroad. In support of this position, the letter quoted from general instructions:

It is the duty of Consular officers to protect and to promote the lawful trade of Great Britain by every fair and proper means, and to uphold the rights and privileges of British merchants.⁵

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1. FO 17/1021, Bourke to Currie, 23 Jan. 1886, 8.
 2. FO 17/1021, Currie to Salisbury, 26 June 1886, 6.
 3. CCJ Mar. 1886, 'Government and trade'. McLean, *op. cit.*, 467, described the Matheson-Pauncefote letter as 'the most influential source of commercial opinion'.
 4. CCJ Mar. 1886, from P.W. Currie, on behalf of Rosebery.
 5. CCJ Mar. 1886, from J. Bryce, on behalf of Rosebery.

This attitude was repeated later in Parliament, when it was clearly announced that diplomatic officers were instructed 'to make the commercial interests of Great Britain an object of their constant attention'.¹

The willingness of the new Government to extend the action taken by Salisbury was made clear in its letter to the London Chamber of Commerce. It requested that the Chamber make practical suggestions as to possible greater measures of support that could be afforded by British representatives abroad to British business. At the suggestion of C.M. Kennedy² this invitation was extended to the ACCUK, the other major chambers of commerce not included in that Association, and other representative organisations such as the Chamber of Shipping.³

One of the suggestions which emanated from this initiative was from Sir E. Malet in Berlin, who proposed that the British chambers of commerce cojointly appoint

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1. Parl. Deb. 3rd Series, ccciii, 97-8, 8 Mar. 1886. When the Manchester Chamber of Commerce attempted to obtain a copy of these instructions to verify the statement for themselves, they were refused, FO 83/902, Manchester Chamber to FO, 15 Mar. 1886.
 2. He had a position in the Commercial Department and was in the habit of attending the annual meetings of the ACCUK (see for example, FO 83/773, ACCUK to FO, 12 Sept. 1883, and FO 83/806, same to same, 16 Aug. 1884). He would privately arrange for the opportunity to put the FO point of view at these meetings, FO 83/807, 4 Oct. 1884, his handwritten report of the 1884 meeting; he even gave private support to shelving motions and 'got the meeting tired by other and long speeches' in order to manipulate the ACCUK, FO 83/954, letter from Kennedy to Currie, 28 Sept. 1887.
 3. CO 83/902, 4 Mar. 1886.

agents abroad themselves.¹ The idea was sent to the chambers of commerce confidentially, as the Germans were following the public discussions over the Royal Commission on the Depression of Trade, and any proposals made regarding more effective economic competition, very closely in order to compete better with British business. Needless to say, the British chambers did not relish assuming what they saw as the Government's responsibilities. In fact, the suggestion, that chambers of commerce should appoint their own agents, was as welcome to the business community as the suggestion made by the London Chamber in February, that the British Consuls should foster the formation of British chambers of commerce abroad, was to the Government.

The degree of continuity which the Salisbury telegram of 1886 and Rosebery's subsequent action represented in the history of State support for British business abroad is difficult to assess. There is much evidence that the state was not openly supporting British business abroad at this time. It is hardly likely that The Economist would have opposed the implications of the Salisbury telegram so strongly if state support for business abroad had been the norm.² The Bankers' Magazine had described the Gladstone Government of the early 1880s as 'ostentatious in proclaiming that they will not consider the claims of our

1. This paragraph is taken from a confidential report printed for the Cabinet by the FO, FO 83/951 Jan. 1887, 'Correspondence respecting Commercial Reports by Her Majesty's Representatives Abroad, and the Appointment of Agents to represent Chambers of Commerce'.

2. Econ. Jan. 1886, 34-5.

investors abroad'.¹ The Chamber of Shipping² and, as we have already seen, the London Chamber of Commerce did not consider the Government to be actively giving assistance to business. It is a fact that Granville had instructed O'Connor in May 1885 that he was in no way to assist the representatives of British finance.³

Certainly, the fear that bribery might be suspected if the state became too closely associated with a particular firm was a factor in the FO's calculations⁴. The danger only existed, however, if such a relationship became public, there seems to be little question that in private the state was closely associated with particular firms, particularly in the East. There is no doubt that such fears were realised as the royal charters were granted during the 1880s, particularly in the case of Sir Hercules Robinson and the British South Africa Company. What is significant about state support for business at this time, is the large-scale imperialism which accompanied it, and it is perhaps mainly for this reason, with an eye to international relations, that Rosebery tried to make little of the Salisbury telegram.

Other aspects of the relations between the City and the State, as illustrated by the East India and China trade section of the London Chamber of Commerce, were not

1. BM 1884, 1086.

2. FO 83/902, 18 Mar. 1886.

3. McLean, *op.cit.*, 466.

4. A fear expressed by T.V. Lister, head of the consular service, *ibid.*, 475. The letter to the London Chamber of Commerce explained that the state could not choose 'between British subjects of equal respectability or financial position, who may be competitors', CCJ Mar. 1886, 54.

dissimilar from the other sections previously described. The section was a bridge between local chambers of commerce and the City's chamber on numerous occasions and for a variety of subjects¹. Indeed, the section decided that for import issues the local chambers should take them up first and then receive the support of the London Chamber. In this way the fact that one or two major firms dominated the business of a region, and also decided which opinions were expressed by the London Chamber after consultation with the Government, was less evident.

One such important issue was the question of access to the interior of China. The idea of a railway from India into south-west China was still current in the late 1880s,² but the alternative route, by steamer up the Chinese rivers, was gaining attention. The Upper Yangtse Navigation Company asked for the section's support in 1887, but it was decided that it would be better if the British chambers of commerce in China took the matter up first.³

At the end of 1888 facilities were conceded by the Chinese to British steamers using the Yangtse River.

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1. EICMB 8 Nov. 1887, the Singapore Chamber over the Cochin China Tariff; at the same meeting, and *ibid.*, 10 Jan. 1888, the Karachi Chamber over the extension of railways; also 10 Jan. 1888 the Bengal Chamber received support for its proposal that there should be provision for discussion of the Indian budget; at this same January meeting the section agreed to co-operate with the Foochow Chamber over the decline in quality of China tea; *ibid.*, 18 Oct. 1889, the Calcutta Chamber over the development of Indian railways; and many more.
 2. *Ibid.*, 8 Nov. 1887, the resolution passed at the public meeting which took place on the previous day at which Colquhoun gave an address was also approved by the section.
 3. *Ibid.*.

Macandrew suggested that the railway had less chance of construction than previously, and that the waterways offered the best means of meeting French competition in Western China. The section considered that access by the West River would provide entry into this area of China,¹ and continued to be unenthusiastic about the railway in later years, despite approaches from other British chambers of commerce.² It is probable that the question of the India-China railway involved similar considerations as the Delagoa Bay railway had had for City businessmen with interests in South Africa; a new route into the hinterland of existing British firms would tend to drain trade away from established commercial centres where these firms were well established.

The general relationship between the City and the State represented the coming together of two different worlds. Civil servants concerned solely with political considerations would discuss between themselves their skill in manufacturing propaganda with which to justify policy decisions. They could boast of their ability to present opponents of British imperialism abroad emotively

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1. EICMB 11 Dec. 1888. The FO negotiated with the section regarding the Cheefoo Convention, asking that it accept the opening of C'hung K'ing in return for agreeing to postpone access to the navigation of the Upper Yangtse for the time being, EICMB 17 Dec. 1889.
 2. EICMB 27 Oct. 1891, the blank Prospectus of the Burma-Shah-China Railway was left on the table. Ibid. 23 Nov. 1891, five British chambers, including Liverpool and Glasgow, had already passed resolutions in support of the scheme for the railway, but the London Chamber's section let the matter drop without taking action.

and in such a bad light as to make 'every old woman in London weep'.¹ Businessmen had to justify their decisions to their colleagues in terms of profit and business advantage. An amusing example is provided by Goldie's defence when he was accused of philanthropy over his restrictions on the liquor trade on the Niger. In a letter to the West Africa trade section he admitted that 'No doubt civilisation would incidentally benefit', but emphasised that his actions were based 'solely on the development of trade'.²

When the two worlds communicated with each other, there was sometimes animosity,³ antagonism,⁴ or a lack of understanding.⁵ Each side tended to see the decision-

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1. Stewart, op.cit., 72. The topic was a description of King Theebaw, in preparation for justifying the annexation of Burma, Lord Churchill's secretary was writing to his opposite number at the FO.
 2. WAMB 19 July 1887.
 3. Fairfield's comments were characterised by their acerbity, he rarely missed an opportunity of making disparaging remarks about business interests and was not afraid of hyperbole. See his remarks about Gifford's proposals for a charter, CO 417/38, 215, 3 Jan. 1889; and for Gifford and Rhodes combined, CO 417/28, 124-5, 6 Feb. 1889. The London Chamber of Commerce did not escape his disapprobation, CO427/1, minute on London Chamber of Commerce to CO, 19 Aug. 1887.
 4. For example, the struggle between Goldie and Pauncefote over the exact nature of the charter for the Royal Niger Co..
 5. For example, the incredulity of the civil servants over the shipping companies' fear that Goldie and the Africa Association would take full advantage of their monopoly.

making from its own point of view.¹ Nevertheless, the wealthiest, most influential businessmen, the highest-ranking civil servants and Government ministers usually had a general, if not always good, understanding of the degree to which they were dependent upon each other and the limitations by which each side was constrained.² This understanding was developed from unofficial encounters between the two sides. In private, Lord Gifford, Lord Aberdare or Lord Castleton might discuss frankly with ministers, often men who were also their friends, the exact nature of political limitations which determined the amount of support they could expect from the state for economic ventures. Businessmen, such as Matheson, Rhodes, Bond, Currie, Jones, North and Rothschild, might informally acknowledge the realities of the interdependence of economic and political interests in their negotiations with civil servants and politicians.

From such conversations would evolve agreements and enterprises which were then publicly justified, not in the same realpolitik terms of their creators, but in general

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1. From the Whitehall side, the expectation that the mere passing on of information to competing business interests, such as the shipping companies' fears to Goldie, would result in good-mannered negotiation rather than increased competition; from the City's side, it took those with one foot in the political camp, such as Mills, to prevent the South Africa section from being too explicit in its resolutions.
 2. The politicians tended, perhaps, to overestimate the power of directors on a company's board to control headstrong managing-directors, such as Goldie and Rhodes, and to underestimate the deviousness of such men - such as that demonstrated by Rhodes' company's retention of the Rudd concession. Such businessmen, however, were aware of the financial constraints upon the state, and exploited them.

expressions suitable to the audiences involved. The official communications between the City and the State were designed to deny the real nature of the interdependent relationship, as we have seen. With the revival of the tradition of granting royal charters,¹ such denials became less convincing as the relationship was increasingly evident to the public. Herbert felt that he had to write to Rhodes privately before officially putting a suggestion to the Exploring Company.² Pauncefote even wrote to Goldie returning a letter which contained information that the FO preferred not to know, or to be known to know, and Goldie was asked for a suitably edited substitute letter.³

The necessity of glossing over the complex articulation of economic and political activity was dictated as much by domestic politics as by consideration of the related field of diplomacy. Such behaviour gives some idea of the importance which Whitehall attached to the public relationship between the City and the State. It also explains the behaviour and importance of the London Chamber of Commerce and its committees.⁴ As relations between business and the state became closer in

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1. The initiative in reviving the system of chartered companies has been attributed to Pauncefote, K. Tregonning, A History of Modern Sabah (Singapore, 1965), 21.
 2. CO 417/37, 445.
 3. FO 84/1917, 6 Mar. 1888.
 4. Particularly the passing of resolutions approving of state policies, or to strengthen the hand of Government, such as the West Africa trade section before the Berlin conference, the South Africa section after the declaration of the sphere of influence, and the East India & China section when upper Burma was invaded and annexed.

all major countries in the late seventies and eighties,¹ the diplomatic judgement of which aspects of the City/State relationship could be made official became a more complex affair,² while the role of City opinion as an instrument in diplomatic negotiations increased in value.

1. Rosenberg, op.cit., 65.

2. For example, whether or not to keep deputations secret, or even whether to allow them to take place, such as the West Africa section's request regarding foreign entry into the hinterland of the Gold Coast, see p.97 above, footnote 3. The FO sometimes had to chase letters from other departments sent to the London Chamber to avoid embarrassing the Government, CO 96/196, 23 Mar. 1892 Anderson to CO.

CHAPTER THREE: THE POLICING OF PROFITS AND POSSESSIONS

ABROAD

The City's insistence in the late nineteenth century that the navy should protect city business interests abroad was not a new demand. An Act of Parliament had been passed in 1707 for the better securing of the trade of the kingdom by cruisers and convoys. In 1742, during the war with Spain, meetings were held by the merchants of the City which resulted in the Lord Mayor presenting a petition to the House of Commons.¹ A six day Parliamentary hearing was given to the City's grievance:

That the Navigation and Commerce of these Kingdoms have been continually exposed to the growing Insolence of the Spanish Privateers, from the Commencement of this just and necessary War; that during its whole Progress and Continuance, not withstanding the repeated application of the suffering Merchants for Protection and Redress, their Losses and Misfortunes have considerably increased of late, to the Impoverishing of many of his Majesty's Subjects, the Great Detriment of Trade in general, the Diminution of his Majesty's Revenue, and the Dishonour of the Nation.²

The City's basic concern was for trade expansion, and it was with such an end in view that the war with Spain was felt to be just and necessary. This is not to say that the City has been consistently war-like in its outlook. In the mid-nineteenth century when The Times was in a bellicose mood and attacks were being uttered against Napoleon III, the City merchants and bankers convened a meeting to protest against the creation of distrust, ill-will and hostility between the U.K. and France. War was

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1. A short Account of the late Application to Parliament by the Merchants of London upon the neglect of the Trade . . . (1742).
 2. Ibid., 4.

not in the business interests of the City at this time, and to make sure that there was no confusion over their feelings a deputation of leading City men was sent to France to convey a friendly address to the French Emperor.¹

A disquiet about the state of the British navy began to surface in the late nineteenth century at the same time as the international race for colonies began to accelerate, and it is difficult to separate the issue of empire from that of imperial defence. Most people who supported one supported both, and City businessmen were prominent in the promotion of the British naval expansion which took place in the 1880s and 1890s, a fact which has not often been made clear in previous studies of imperial federation or naval expansion.²

The defence of commerce and empire had been of great concern to members of the R.C.I.. The most notable proponent of imperial defence, and one of the earliest, was Sir John Charles Ready Colomb.³ He first set out his

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1. Francis Hirst, The Six Panics and Other Essays (1913), 17. This book was inspired by Cobden's The Three Panics (1862). This was the second panic, 1851-2.
 2. On imperial federation: Burgess, op.cit., and Shields op.cit.; on naval expansion: Donald M. Schurman, 'Imperial Defence, 1868-1887' (Cambridge University, Ph.D., 1955), and B. McL. Ranft, 'The Naval Defence of British Sea-Borne Trade, 1860-1905' (Oxford University, D.Phil., 1967). Arthur J. Marder, British Naval Policy, 1880-1905 (1940), 26 et seq., restricts himself to the interests of workers, industrialists and shareholders who were involved in the construction of warships and armaments.
 3. 1838-1909. A copy of Sir John's papers is in the National Maritime Museum (henceforward NMM), PST/55. For his biography, see Howard D'Egville, Imperial Defence and Closer Union (1913).

views anonymously in a pamphlet in 1867, The Protection of Commerce in War¹. The R.C.I. provided him with an arena in which to express and discuss his opinion.² Apart from Colomb, the only other persistent critics of the state of the British navy during the 1870s were Sir John Hay MP and Lord Henry Lennox.³

On the Liberal side of Parliament, Sir Thomas Brassey had begun compiling his enormous, but uncritical, study of the British Navy during the 1870s.⁴ In his first volume Brassey set out the details of public spending upon the navy from 1806 onwards. The conclusion which he drew from his statistics was that the annual cost was close to a steady £10.5m⁵. An examination of this stable state of affairs was prompted by the Russia scare of 1878 when it was feared that British trade in the Far East would be attacked by specially equipped auxiliary cruisers out of Vladivostock.⁶

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1. He retired from the Royal Marines in 1869, with the rank of captain, in order to drop anonymity and give all his energies to this issue.
 2. He gave a number of papers there in the 1870s, and his ideas were repeated in the papers of other members, such as Sir Donald Currie and Francis P. de Labillière. Colomb's articles and addresses were brought together and published in The Defence of Great and Greater Britain (1880) which was timed to influence the Carnarvon Commission.
 3. Admiral P.H. Colomb, Memoirs of Admiral Sir Cooper Key (1898), 440. P.H. Colomb was Sir John's brother, and the book traces the degree of interest, or rather the lack of it, shown by The Times in naval matters during the 1870s and the early 1880s. Sir John Hay had been pressing for a better navy since 1862, Admiral Sir John D. Hay, Lines from My Log Books, 1834-84 (1898).
 4. The first volume of The British Navy (henceforward The British Navy) appeared in 1882. For Brassey's other writings and addresses on the topic see his Papers and Addresses, ii (1894).
 5. The British Navy, ii, 401.
 6. Ranft, op.cit. 149.

It was at this time that the City was first involved in a demonstration which could be described as jingoism.¹ In January 1878 a meeting of the City Neutrality Committee had been convened. In the morning before the meeting was due to be held, City Conservatives broadcast an invitation to anyone who wished to support the Government's foreign policy to meet at the same building.² A petition in favour of the Government was produced in the Stock Exchange and there was cheering and singing in Lloyd's. A deputation to Parliament was hurriedly arranged and on the following day Lord Beaconsfield was able to thank the Lord Mayor for 'such a decided and spontaneous expression of opinion'. The prominence of R.N. Fowler at the heart of the demonstration confirms the fact that it was organised by the City Conservative group. The lack of reaction to the demonstration from City Liberals, who dominated the City business community, marked, perhaps, the beginning of a movement away from Gladstone by City businessmen as their need for a strong foreign policy became more urgent.

The result of the war scare in 1878 was the formation of the Colonial Defence Committee which developed into a Royal Commission on the defence of British possessions and commerce abroad.³ The Earl of Carnarvon was appointed as

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1. The source for this paragraph is Hugh Cunningham, 'Jingoism in 1877-8', Victorian Studies, xiv (1971), 429-450.
 2. According to H.R. Grenfell, '. . . every gambler on the Stock Exchange, every toady of Baron Rothschild, every Jew Pedler had received instructions to seize the room', *ibid.*, 436.
 3. The Colonial Defence committee existed from March 1878 to April 1879, N.H. Gibbs' inaugural lecture as the Chichele Professor of the History of War at Oxford, The Origins of Imperial Defence (1955). For the work of the commission, see CAB 7/2.

its chairman, and he considered that the commission should essentially cover the protection of British trade and trade routes,

to make the public generally aware (which I do not think they are at present) that our interests are so large and so exposed to hostile interruption in time of war.¹

Those who hoped for some significant change to result from the deliberations of the Carnarvon commission were disappointed when the general elections resulted in a change of government, and a new Gladstone administration was formed.

Gladstone was well known for his support for a policy of direct taxation. His strategy with the Carnarvon commission was to give it 'its tether, let it take its time and perhaps make itself useless'.² When the commission finally reported in 1882 despite Gladstone's delaying tactics, the promise of secrecy which Carnarvon had given to some of those providing evidence was used as an excuse for concealing the whole report from public gaze. Only twelve copies were printed. Some considered that further political jobbery was afoot when the responsibility for considering the report was assigned to the Inspector General for Fortifications, and the retirement age of Sir Andrew Clarke was extended in order that he might do the work.³

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1. PRO 30/6, 52, Carnarvon to Hicks-Beach whose idea the commission had been, 13 Sept. 1879.
 2. Gladstone to Kimberley, June 1880, quoted in Schurman, op.cit., 153.
 3. Ibid., 217.

It was Carnarvon himself who, in 1883, managed to elicit a statement from the Government about action which was to be taken as a result of the commission's report. His enquiry in the House of Lords produced a memorandum from the War Office.¹ The commission's recommendations had been drastically reduced in monetary terms, and they were further reduced at the hands of an inter-departmental committee appointed in the following spring. When the War Office eventually informed the Colonial Office of the recommendations of the Inspector General of Fortifications the total had been reduced from £2m to under £900,000.²

One copy of the Carnarvon Commission's report had been smuggled to the Queen and in May 1884 she wrote to Gladstone asking him to consider the defence needs of the Empire. Gladstone returned an evasive agreement to do so.³ In the following month Lord Salisbury expressed doubts about the condition of the navy in a speech given, appropriately, at Portsmouth.⁴ The First Lord of the Admiralty, Lord Northbrook, was eventually provoked into making the notorious remark that if he had another £3m to spend on the navy he would not know what to do with it.⁵

The only persistent discussion of the state of the navy up to this time had been from papers given at the R.C.I. and at the Royal United Services Institution.⁶

1. Schurman, op.cit., 219.

2. CAB 37/17, 13.

3. Schurman, op.cit., 222, referring to RA:022 No. 2.

4. Which elicited a reply from Lord Northbrook in Parliament, Parl. Deb. 3rd Series, cclxxxviii, 1731, 9 June 1884.

5. P.H. Colomb, op.cit., 446.

6. The R.U.S.I. Journal, for example Wilmot's paper of 1878.

Admiral Colomb records that there were 'not even to the end of 1883 any really strong feelings as to the naval position in the mind of the country'.¹ When the imperialists gathered together at the I.F.L. conference in the summer of 1884, however, imperial defence was amongst those topics at the top of the agenda.²

One of the joint honorary secretaries of the I.F.L., H.O. Arnold-Forster, has been credited with starting the naval scare which took place in the autumn of 1884. He had already fired the first shot of the campaign in the previous year with an article in Nineteenth Century. His text had been a sentence from a speech given by Gladstone in 1878:

The strength of England is not to be found in alliances with great military Powers, but it is to be found henceforward in the efficiency and the supremacy of the navy₃ - a navy as powerful now as the navies of all Europe.³

In 1883, Arnold-Forster had warned Lord Northbrook that an increase in naval expenditure would be achieved in the near future, but he was not taken seriously and told to do his worst.⁴

The size of expenditure on imperial defence was a thorny question. It had been hoped that the colonies

1. P.H. Colomb, op.cit., 444.

2. Sir John Colomb, it will be remembered, was one of the founders of the I.F.L..

3. Mrs. Mary Arnold-Forster, The Right Hon. Hugh Oakley Arnold-Forster: a memoir (1910), 54 (henceforward, Arnold-Forster).

4. Arnold-Forster to Phipps Hornby, 5 Nov. 1884, in the Phipps-Hornby papers at the National Maritime Museum, PHI/123.

would contribute substantially to the costs of the British navy, but the Intercolonial Defence Conference held in Sydney in January 1881 had not been encouraging.¹ The Carnarvon commission had imagined that the growing wealth of the colonies would signal a willingness to bear a larger proportion of the defence burden. The commission's first report had concluded:

The growth of the Colonies in wealth and population will, in all probability, be relatively more rapid than that of Great Britain's; and their power to take a fair share of the defence of the Empire will be constantly on the increase.²

The total which the Imperial Parliament was willing to vote determined the proportion which was to be asked of British possessions such as India.³

In the summer and early autumn of 1884 the City and the Government were informed about the condition of the British navy from three public sources, and Arnold-Forster was involved in all three. The Statist, of which Arnold-Forster was the political editor, published a letter from Admiral of the Fleet Sir Thomas Symmonds in July.⁴ Later in the summer Arnold-Forster went to visit W.T. Stead of the Pall Mall Gazette. Having stimulated Stead's interest in the navy, Arnold-Forster left him some papers with the details of his arguments on the condition of the navy.⁵

The third source of public concern about the navy was the

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1. Parl. Papers (1887) LVI (c.5091-I) 'Proceedings of the Colonial Conference of 1887', 213.
 2. Ibid., 284.
 3. Schurman, op.cit., 216, a quotation of the views of Sir R. Herbert.
 4. The Statist 18 July 1884.
 5. W.T. Stead, 'How the Great Imperial Work was Begun', Review of Reviews, July 1897, 77.

Imperial Federation League, of which Arnold-Forster was an honorary secretary and his father was the president.

Accounts of the naval scare of the autumn of 1884 usually concentrate on the articles which appeared in the Pall Mall Gazette in mid-September.¹ Arnold-Forster's visit had prompted Stead to go to Portsmouth and consult Admiral Geoffrey Phipps-Hornby. Stead was then provided with information by a number of naval officers², but his greatest mentor was Lord Charles Beresford.³ When Stead approached the First Sea Lord, Sir Cooper Key, and presented him with this freshly-gathered opinion, Key declared that an increase in the naval estimates was not politically possible however desirable it might be.⁴ Undaunted, Stead began to publish articles criticising the condition of the navy. Contemporary accounts of the scare suggest that these articles ignited the tinder of public concern, with the result that the Government had to bow to public opinion and agree to increase the level of public spending on the navy.⁵

Looking more closely at the affair it would appear that party politics played a greater role than public opinion, although there is no doubt that the R.C.I. and I.F.L., with their membership of City businessmen and

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1. Pall Mall Gazette 15 & 22 Sept. 1884, 'The Truth about the Navy'.
 2. Including Fisher, probably on the orders of Phipps-Hornby, Frederick White, The Life of W.T. Stead (1925), i, 145. See also Marder, *op.cit.*, 121 where reference is made to Taprell Dorling, Men of War (1929), 22.
 3. Rear Admiral Sir Sydney M. Eardley Wilmot, An Admiral's Memoirs (1927), 84-5.
 4. Review of Reviews, *loc.cit.*.
 5. *Ibid.*, 78 'The work was done from first to last by the press'.

other imperialists, constituted a vocal section of public opinion in favour of better imperial defences. The central figure in transforming the articles in the Pall Mall Gazette from a Stead crusade into a political issue was W.H. Smith. The reaction of Gladstone's secretary, Edward Hamilton, to the Stead articles is interesting:

When Parliament is not sitting there are always raked up some 'burning questions'; and at the moment the two questions which are being chiefly ventilated in the press are 'overpressure in schools' and the 'State of the Navy'. There is quite a panic about the latter; but it is a very old story.¹

Such an old story, in fact, that when Smith wrote a letter to The Times immediately following Stead's articles, neither the editor of The Times², nor even Arnold-Forster in The Statist³, felt that public opinion would be interested in it. Nevertheless, Smith had called for a commission of inquiry on the subject in his letter.

Smith was not merely blowing hot air on the strength of Stead's articles. He had been First Lord of the Admiralty under the previous Disraeli administration, and had taken care to keep up a correspondence with admirals, officers and naval dockyard officials after he had left office.⁴ He was well aware of the exact condition of the

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1. Hamilton Diaries, BL Add. MSS 48637, 19 Sept. 1884.
 2. The Times, 23 Sept. 1884. The Times was only won over to the navalist camp two or three weeks later by the contents of some inter-departmental correspondence on the naval question, Schurman, op.cit., 224; The Times 18 Oct. 1884.
 3. The Statist 27 Sept. 1884, supported Smith's call for an enquiry but justified the inactivity of the Admiralty and Government on the grounds that public opinion was lacking.
 4. Sir Herbert Maxwell The Life of W.H. Smith (1894), 235. Also see the Hambledon MSS for examples of such correspondence.

navy and, at the beginning of 1884, had been sounding out the opinion of that section of City business interests which would be most concerned at any failings in the state of the navy, Lloyd's. He had asked the opinion of the secretary of Lloyd's on the ability of the navy to protect shipping and trade, and whether the interests concerned would do anything to bring the matter before the Government.¹ H.M. Hozier replied that, although the navy was totally inadequate to protect business and that even a failure to keep communication on the high seas open would mean enormous losses, it would be difficult for businessmen to bring the situation to the attention of the Government without an inquiry being made or a commission appointed on the subject. Smith's demand for an inquiry later in the year could be seen as a means of providing the avenue by which the City might make its voice heard on the naval issue.

Politically, the 'Radicals' in the Liberal camp were expected to be attracted to the arguments for the need to make the navy efficient.² While it was realised that the 'hysterical excitement' of the Pall Mall Gazette did not extend far beyond London, there was fear that a number of Liberal MPs, particularly the radicals, would vote with

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1. Hamblenden MSS PS8/103, H.M. Hozier to W.H. Smith, 10 Jan. 1884.
 2. See Hamilton's comments in his Diaries, Hamilton Diaries, BL Add. MSS 48637, 23 & 25 Sept. 1884. The latter comments were stimulated by Stead's visit to Gladstone, at which Stead argued that the Board of the Admiralty admitted the weakness of the navy.

the opposition.¹ The Times began a series of articles on 'The Navy and imperial defence' during October² and the Cabinet decided that there would be no inquiry, but a plan of the future shipbuilding for the navy would be produced when Lord Northbrook returned from Egypt.³

Unfortunately for Gladstone, the pressure for some change in the naval expenditure coincided with Gordon's ill-fated attempts to carry out the withdrawal of Egyptian forces from the Sudan. In the issue of The Times which commented upon Lord Northbrook's reassuring speech to the City at the Lord Mayor's Banquet in November, there were rumours that Khartoum had fallen.⁴ In the same week Brassey had also been in the City, at the Fishmonger's Hall, declaring that 'if public opinion called for further protection for the commerce of the country and was fully prepared to bear the charge which must be imposed for those burdens'⁵ they would be carried out. Already The Times was suggesting any serious doubt about Britain's supremacy at sea would have a paralyzing effect on British business activity.⁶ The Statist linked the naval question

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1. J.A. Spender, The Life of the Rt. Hon. Sir Henry Campbell-Bannerman (1923), 53, a letter from Bannerman to Childers, 2 Oct. 1884, enclosing the views of H.H. Fowler; also Bannerman's report to Childers on the State of the Navy in Cabinet, *ibid.*, 6 Oct. 1884. Schurman, *op.cit.*, 224, suggested that the Queen badgered Gladstone at this time, but there appears to be no evidence in the letters from the Queen to Gladstone in BL Add. MSS Loan 75.
 2. The Times 13 & 22 Oct., 7 & 13 Nov. 1884.
 3. BL Add. MSS 44645, Cabinet Minutes, ff 186, 187; for Gladstone's letter to Smith informing him of the decision, see *ibid.* 44, 300, 23 Oct. 1884.
 4. The Times 11 Nov. 1884. Northbrook's speech was given, *ibid.*, 6.
 5. *Ibid.*, the editorial quoted these words. For the report of the speech see *ibid.*, 10.
 6. *Ibid.*, 9.

to the Government's lack of a colonial policy.¹

Gladstone, however, was not a man to lose his head, and when the naval estimates, adding an extra £10.75m over five years², were introduced to the Cabinet in early December he managed to reduce them by about half³, and continued to delay the settlement of the estimates as long as possible.⁴ Despite this great performance by the grand, but ever older, man, his political dexterity was overshadowed by the City's reaction to the Russian scare and the Sudan expedition in the spring of 1885.

If the naval debate in Parliament at the beginning of December 1884 had been 'languid and the house of Commons thin, notwithstanding all the boasted interest taken in the state of the Navy and all the lashing of the country into excitement by the Pall Mall Gazette',⁵ the tensions of the spring of 1885 were to produce a rapid, further and larger increase in public expenditure on armaments and the navy, this time with the City's involvement. As Admiral Colomb described it:

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1. The Statist, 1 Nov. 1884, 486, 'The Burden of Empire'; 15 Nov. 1884, 543, 'The Cost of Government by Pressure'. Reference has been made, Arnold-Forster, 60, to a City meeting in November 1884 which resulted from Arnold-Forster having approached some of the leading men in the City. It is possible that this is, in fact, a reference to the first meeting of the I.F.L. (18 Nov. 1884) which was concerned with imperial defence. The dates given to letters in the biography are not always correct, and it could even have been confused with a later year.
 2. BL Add. MSS 44645, Cabinet Minutes, f 234.
 3. Hamilton Diaries, BL Add. MSS 48,638, 3 Dec. 1884. This was an account of the meeting given by Gladstone, only Lord Hartington is reported to have grumbled at the reduction in the end.
 4. BL Add. MSS 44547, Gladstone's letters to Childers, 21 and 22 Dec. 1884.
 5. Hamilton Diaries, BL Add. MSS 48,638, 3 Dec. 1884.

The excitement in England reached its height on 9th April when there was a panic on the Stock Exchange, Russian stock fell ten points, Egyptian six and our own Consols two points. A great meeting to consider the state of the navy was held at the Cannon Street Hotel on the 15th, and a resolution urging the Government to take immediate steps in regard to it was moved by Mr. Henry Hucks Gibbs and seconded by W.H. Smith, First Lord under the former Government. On the 21st April Mr. Gladstone moved for a credit of eleven millions . . . On 2nd May a conciliatory reply was received from St. Petersburg . . . the Stock Exchange recovered itself.¹

It is tempting to infer from this record of events that there was a simple economic cause linked by the City meeting to a political effect , but the reality was more complicated.

It is possible to argue that the effect of the meeting itself had an effect on City prices, as there was 'a sudden and rapid advance in prices' on the Stock Exchange on the Friday following the meeting.² This rise took place, however, before the Cabinet met.³ A detailed and extended study of the movements of the Stock Exchange would be needed before it would be possible to make definite statements about the timing of particular rises and falls. What can be said is that fears in the City did have a general effect on the prices of stocks and shares, and the loss of confidence in the defence capability of the navy could knock thousands of pounds off the value of City investments abroad.

1. P.H. Colomb, op.cit., 473-4.

2. The Times, 15 Apr. 1885, 11. See also B.M. 1885, 471.

3. The Cabinet met on the following Tuesday, CAB 41/18, 20 Apr. 1885.

The Times' claim that the meeting was convened without reference to party politics¹ does not preclude it from being a party political affair. The Lord Mayor who presided at the meeting was R.N. Fowler, a man who had been personally involved in reorganising the City Conservative Association. Henry Hucks Gibbs, who moved the resolution, was a major link between Lord Salisbury and City opinion² and a future Conservative MP for the City, as was Lord Salisbury's nephew, A.G.H. Gibbs.³ The Conservative bias is confirmed when we find W.H. Smith seconding the motion and Sir John Hay supporting it. The resolution:

That this meeting views with deep concern and anxiety the present state of the Navy, and urgently presses upon the Government the necessity that immediate steps be taken to provide such additional ships, guns and men as shall afford the security which our Empire and our commerce require.⁴

may well have been cheered by the meeting, but where were the Lubbocks, the Martins, the Rothschilds, the Barings, the Glyns, the Grenfells and the Trittons, all of whom appeared as vice-presidents, trustees or general committee members of the City Liberal Club?⁵ None were listed as present at the meeting. W.E. Forster did speak to the

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1. The Times 15 Apr. 1885, 10.
 2. See his letters to Lord Salisbury in the latter's papers, Hatfield House MSS 3M/Class E. H.H. Gibbs became the first Baron Aldenham.
 3. Later the second Baron Aldenham.
 4. The Times, 17 Apr. 1885, 10.
 5. City Liberal Club (1891) provides a list of members. It must be remembered, that within months of this meeting the Liberal Unionists split off from the Liberal Party taking most of the prominent City businessmen with them. An organising committee for the London Liberal Unionists did not take shape until March 1888, and included Sir John Lubbock and H.M. Hozier, The Liberal Unionist 1 Aug. 1888, 12.

meeting and gave a very good speech, but he had long drifted away from Gladstonian Liberalism towards imperialism.

The City Liberals, although conspicuously absent, were eloquent in their silence. No-one contradicted the impression, which was embodied in the second resolution passed at the meeting,¹ that the City was declaring its willingness to pay the necessary price for a larger navy. If Gladstone had been slow to forget the failure of City Liberal opinion to react to the jingo meeting held in the City in 1878,² he must have been mortified by the events of 1885.

To describe the meeting as party political is not to deny the sincerity of the feelings of the City businessmen involved. The seriousness of their concern about the state of the navy was demonstrated by the deputation which they sent to the First Lord of the Admiralty of the newly-formed Conservative administration three months later.³ It was further confirmed by the events of 1888.⁴

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1. The Times 17 Apr. 1885, 10, 'That this meeting is further convinced that in any financial scheme necessary in the public interests (sic), the Government may be assured of the hearty cooperation of all classes'.
 2. Cunningham, op.cit., 438.
 3. The Times 18 July 1885, 5. On this occasion Sir George Hanson, another member of the City Conservative Club, was present; see also The Statist 25 July 1885, 90. For a list of members of the City Conservative Club committee, see enclosure in R.N. Fowler to Lord Salisbury, 12 Dec. 1883, Hatfield House MSS, 3M/Class E.
 4. See below pp. 192-193.

The City business group which had most to fear from a war were the shipowners. War insurance premiums raised their costs immediately a war was expected.¹ There was no confidence amongst this group of businessmen in the ability of the navy to protect the trade routes.² It is not surprising, therefore, that they were the businessmen who first brought the question of protecting British trade to the attention of the London Chamber of Commerce. Their fear was that, in the event of war, trade would no longer be entrusted to British shipping but to ships sailing under neutral flags. This point was put to the executive of the London Chamber of Commerce about two weeks after the City meeting on the navy by John Glover.³ Glover was one of the City's most important shipowners and insurance brokers,⁴ a founder and past president of the Chamber of Shipping, and an elected member of the Council of the London Chamber of Commerce.

The fear was an old one,⁵ but was felt to be a real threat to British commerce in the 1880s. When Glover brought the matter before a special meeting of the Council,⁶ he proposed that a committee be nominated to

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1. FO 83/902, letter from the Chamber of Shipping, 31 Mar. 1886, which referred to the previous spring.
 2. CAB 7/2 Colonial Defence Commission, evidence taken on 3 May 1881, Question 4695, Currie's reply to the question, asking him what amount and character of protection he would look to from the navy in time of war, was that he expected none.
 3. RMB 2, 29 Apr. 1885.
 4. A partner in Glover Bros., and member of Lloyd's as an underwriter who became chairman of the Lloyd's committee in 1901.
 5. Ranft, op.cit., 92, describes the same fear for the scare of 1860.
 6. Having first given notice of the resolution, RMB 2, 1 May 1885.

consult with other chambers of commerce to consider the desirability of urging the Government to guarantee war risks at sea as a security for national trade and to prevent the diversion of that trade to neutral channels.¹ At this meeting Tritton emphasised the fact that war was inseparable from the apprehensions of war so far as its effects on the shipping business was concerned. The effect on share prices also was unlikely to have been far distant from his banking mind. The Council of the London Chamber supported the idea of a state guarantee of war risks and it was decided that an informal conference be arranged to 'prepare the ground quietly'.²

The matter was discussed at a meeting of the London Chamber's executive in the following month and it was reported that the Chambers of Commerce of Manchester, Liverpool, Glasgow, Hull and Bristol agreed to be involved, providing Glover would go and speak to them.³ The ground was prepared so quietly that very little evidence of the conference exists. The annual reports of the Glasgow Chamber of Commerce record an invitation in July to a conference in London at the Mansion House at which the Lord Mayor was to preside.⁴

If there was little evidence of the conference, the question of a state guarantee of war risks was broadcast

1. RMB 2, 7 May 1885.

2. Ibid., 12 May 1885.

3. Ibid., 23 June 1885.

4. 103rd Report of the Directors of the Chamber of Commerce and Manufacturers in the City of Glasgow (1886), the invitation was received on 13 July 1885. The meeting was officially convened under the auspices of a body calling itself the Empire Defence League.

in a most detailed and unusually lengthy fashion by the CCJ.¹ In a three-and-a-half page editorial the topic was debated and three major points were put forward in favour of the idea. The first was largely defensive and argued that such action could not be described as 'state socialism' or 'class legislation' but rather served the interests of the nation as a whole, being a question of 'national cooperation'. The second point was that such a state activity would have an impressive 'moral effect' on foreign Governments, and the urgent need for such a measure was considered to be found in the 'colonial action' of the European powers. The final point in support of a state guarantee is perhaps the most important. It argued that such a 'system', if instituted, would ensure that the Government of the day kept the armed forces in a state of 'adequate efficiency to protect our ocean going trade', as the alternative would be severe financial loss leading to the ousting of the Government from office.

The long exposition of the need for the state to assume such direct support for British business interests on the high seas contained within it the main concerns of the City at this crucial point in its history. Its concern with the threat without - of foreign economic competition and foreign imperialism - and the threat within - of competition from other economic groups at home. The denial that such state support would constitute

1. CCJ June 1885 'State Guarantee of War Risks'.

state socialism or class legislation reflected the rise in political and economic importance of the working class in Britain and the challenge, harboured within the protectionist movement at home, to the independence and dominance of the City. Just at the time when the greatly increased City interests abroad demanded support from the state, domestic order was in danger of changing.

Business, whether industrial or agricultural, necessitates, as it does, the employment of capital, demands, as its first condition of investment, the existence of social order and security.¹

It was on the maintenance of that order at home, and abroad, in which City business interests could flourish that the City concentrated its attention. The similarity between the enforcement of property rights at home and the protection of British commerce abroad was brought out in the CCJ editorial.

Surely if the community admits the principle of national taxation for the protection by police of law and order at home, it will also admit of the now necessary principle of similar imposition for similar protection of our trade on the waterways of the world on which we have attained such proud and unrivalled pre-eminence.²

Income tax, however, was already unprecedentedly high for peace time as a result of the costs of imperial and naval expansion which had already taken place. It was the income-tax payers who needed to be convinced of the need for a growing Empire and an expanding navy, as much as did that section of the working class which had been newly-enfranchised. The City feared for its position both at home and abroad, the two being interdependent, and one way

1. CCJ May 1886, 'State Socialism'.

2. CCJ June 1885.

in which both could be preserved was by convincing a substantial section of the voting public that this interdependence, so crucial for the City, was also crucial for the nation as a whole. Such an idea would justify the costs of the new imperialism and the new navalism. Having ex-City bankers as prominent politicians considerably advanced this cause, and Goschen had clearly stated the position in February 1885 to the ACCUK:

He was here to contend that it was a false distinction to attempt to separate by any broad line of demarcation home from colonial and foreign interests. (Cheers) There were few foreign questions which did not vitally affect the home and domestic interests of the commercial class of the community.¹

The fiercer the competition and the more rapid the imperial expansion, the closer the threat of armed conflict between the great powers was to become. That country whose business community had the most widely spread interests around the world was the most vulnerable and needed a large increase in its navy if the economic and political dominance which it had attained was to be preserved. How sensible it was to expect to preserve such a dominance without eventually being involved in the enormous bloodshed of a war of unknown proportions, was a question which was not posed by the imperialists and navalists of the 1880s, but was in effect answered by their adoption of Darwinian terminology and the assumption that permanent economic warfare between nations was the natural state of affairs.

1. CCJ Mar. 1885 Supplement.

The connection between warfare and the protection of business abroad was, of course, not new. It is not surprising to find that under 'Steps to be taken on the outbreak of war' - a document presented to the British Cabinet in March 1885 - step one, section one was the concentration of British vessels in order to protect the smaller of them, and step one, section two was the protection of British trade afloat and the destruction of the enemies' trade.¹ Trade was considered, in secret, to be a legitimate war target by the British armed forces. When the Chamber of Shipping, anxious about the possible result of war upon the interests of its members, wrote to the Foreign Office in March 1886 forwarding a resolution which had been passed at their annual meeting², the realities of the situation were laid bare. The Chamber of Shipping wanted to have an international arrangement whereby, in the event of the likelihood of war, a certain number of days notice might be given in order that British shipping might find a safe, neutral port, or at least manage to leave a dangerous one. The FO contacted Colonel Hozier of Lloyd's, and privately informed him that it would not be advantageous to enter into international guarantees of this sort as they might act as an inducement to such rights being asserted by other countries.³ Considering the British war plans of the time, it was clear that no quarter would be given to foreign trade if hostilities broke out.

1. CAB 37/14, 15, 16 Mar. 1885.

2. FO 83/902, letter from the Chamber of Shipping, 31 Mar. 1886, and minute by Sir E. Hertslet.

3. Ibid., memorandum by Sir E. Hertslet, 31 Mar. 1886.

The issue of the role of the state in time of war was placed on the agenda of the Congress of Chambers of Commerce of the Empire which took place in the summer of 1886. The resolution was introduced by George Baden-Powell and offered three alternatives:

That in the opinion of this Congress it is urgently necessary that steps should forthwith be taken by Her Majesty's Government for the better protection of private property at sea in war time, to include vessels and cargoes whether by:-

1. some scheme of state compensation for losses incurred;
2. international agreement as to the treatment of such property in time of war;
3. more efficient and complete measures for the defence of British commerce in time of war, more especially by the provision of sufficiently fortified stations for coaling and refuge.¹

The discussion at the Congress was somewhat confused, owing mainly to the presence of prominent protectionist MPs, Howard Vincent, Seaton Karr and Gibson Bowles. The printed resolution was dispensed with and, after a verbal struggle, a vote of thanks to Baden-Powell was passed unanimously. If the first two suggestions of the resolution had not been already ruled out by British war strategy, they were, in any case, censured by The Economist on the grounds of state interference. It warned that the consequence of a state guarantee would be that the Government would decide which voyages might or might not be undertaken by commerce.² The expansion of the navy remained the only viable avenue of protection for the expanding Empire and the associated growth of British economic interests abroad.

Criticism of the condition of the British navy

1. CCJ Aug. 1886, Supplement.

2. Econ. July 1886, 859, 'State Guarantee against loss by War Risks'.

continued to come in 1886 from the same sources, the naval officers, imperialists, businessmen and politicians of the Imperial Federation League. The journal of the League, Imperial Federation, sprang to life in January 1886, containing many articles on the navy,¹ most importantly a paper given by J.C.R. Colomb at an I.F.L. conference in July.² The first edition of Brassey's Naval Annual was published in the same year and quoted a most unsettling speech delivered by Sir Geoffrey Phipps-Hornby:

We have ships without speed, guns without range, and boilers with only a few months of life in them. This is called economy, but it is really only not spending money, closing purse strings, and keeping our fleet in such a state of inefficiency and preparedness as to render it comparatively useless should we at any time become involved in a war with a Maritime Power.³

Admiral Hood's declaration at the Lord Mayor's Banquet of the previous year that Lord George Hamilton had already ordered fifteen vessels to be constructed⁴ had clearly not reassured naval officers, even if it had managed to calm some of the fears of the City.

The idea that the colonies would pay for a larger navy was still current. The London Chamber's Congress and the I.F.L. conference⁵, both of which had called for a colonial conference, resulted in invitations being sent out by the Salisbury Government to the self-governing colonies asking them to attend a conference to be held in

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1. Imperial Federation, No. 1, 7, 'Imperial Defence'; No. 2, a similar article; No. 4 a third, etc.
 2. Ibid. No. 8, Aug. 1886. The paper was a sequel to one which Colomb had given at the R.U.S.I. in May before an audience which had included the Duke of Cambridge and the Prince of Wales.
 3. Lord Brassey, The Naval Annual, 1886 (1886), 56.
 4. The Times, 10 Nov. 1885, 6.
 5. The latter had been followed by a deputation, Imperial Federation, Sept. 1886.

1887.¹ The questions of imperial defence and imperial communications were to be on the agenda.² Before this conference was held, agitation for a closer examination of the British armed forces recommenced in the City.

In January 1887, William Whyte, chief constructor at the Admiralty, read a paper at the Mansion House on the design of battleships.³ A speech by Sir Edward Hamley in the House of Commons in March stirred the City's interest further. Hamley proposed a complete system of protection for Britain, talked alarmingly of foreign ironclads in the port of Liverpool, and gave an encouraging reminder that commerce would receive fresh impetus from such security.⁴ Hamley was immediately invited to address a meeting at the Mansion House under the auspices of the London Chamber of Commerce. This was the first of a series of addresses which the Chamber organised over the following years.

Hamley's address was to be on the defence of London and the commercial ports of Great Britain, and the CCJ when it announced the forthcoming meeting provided a comment on 'Home Defences'.⁵ National defence was presented by the Journal as a question of 'ordinary insurance', a form of ransom:

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1. See pp. 53 -54above.
 2. Kendle, op.cit., 8.
 3. The Times 22 Jan. 1887, 6.
 4. Parl. Deb. 3rd Series, cccxii, 238-249, 14. Mar. 1887.
 5. CCJ Apr. 1887, 'Home Defences'.

If Paris was mulcted in a ransom of one hundred and twenty millions sterling, what would the probable ransom of London amount to? . . . As the income tax is the sheet anchor of British finance, and as the business man is the special victim of that tax, the question of national defence resolves itself essentially into a commercial question.¹

The rise in income tax was to be seen as a form of insurance, not directly a guarantee of war risks, but indirectly so, as far as the commercial ports of the country were concerned. This was the starting point for the London Chamber's campaign to educate tax-payers into accepting the costs of a larger navy by playing upon their fear of invasion and ransom.

The Colonial Conference itself gave fresh impetus to the question of defence. Labillière, in his book on imperial federation, described the conference as being 'quickly followed by a naval scare, well-grounded and actively promoted by the great commercial bodies of the U.K. and by the home press'.² Essentially, the conference had ended in Australia agreeing to pay £126,000 a year towards the costs of a naval squadron.³ The London Chamber of Commerce had arranged for a meeting to mark the end of the conference. Representatives of all the chambers of commerce of the U.K. were invited and an address was given by Baden-Powell on 'The Commercial relations of the British Empire' in which he stressed the defence and commercial aspects of closer relations between

1. CCJ Apr. 1887.

2. Labillière, *op.cit.*, 138.

3. Kendle *op.cit.*, 8. For the reception of the blue books on the conference see CCJ Aug. 1887, 178.

the colonies and the U.K.¹ Nevertheless, the London Chamber received little support from other chambers in its subsequent efforts to promote naval expansion, even the Chamber of Shipping did not become involved.² The naval movement of 1888-9 was essentially the work of the London Chamber of Commerce and a strong-willed naval officer and his associates.

The naval officer was Admiral of the Fleet Sir Geoffrey Phipps-Hornby. Sir Geoffrey's active spirit had been demonstrated in the late 1870s when he attempted to form a 'ring' or cartel amongst those who were possible candidates for the post of First Sea Lord with the intention of forcing the Government to adopt measures of naval reform.³ His later help in 1884 to Stead's search for damaging information has already been mentioned. In the autumn and winter of 1887 Phipps-Hornby was busy maturing his plans to awaken the public to the need for a bigger navy which could defend not only the channel but commerce and the colonies as well.⁴ He had refused an offer of a peerage and a seat in Parliament from W.H. Smith in 1887. The fact that Smith was making such offers shows how much the independent voice of Phipps-Hornby was to be feared, and is a measure of his influence in naval

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1. The Times, 10 May 1887, 12; see also CCJ June 1887 Supplement.
 2. See the Annual Reports of the Chamber of Shipping.
 3. P.H. Colomb, *op.cit.*, 412.
 4. Mrs. Fred Egerton, Admiral of the Fleet Sir Geoffrey Phipps-Hornby (1896), 371.

circles.¹

Lord Charles Beresford is often credited with much influence in the naval movement of the late nineteenth century², but in these early years of the movement Beresford was only one of a circle of independently-minded officers who gravitated around the strong-willed and experienced Phipps-Hornby. Others in the group were Captain James Bruce, Charles C. Penrose Fitzgerald,³ and probably Eardley-Wilmot.⁴ P.H. Colomb was a close acquaintance of Phipps-Hornby and inclined to give, as well as take, advice.⁵

The alliance of City and navy was demonstrated by the number of admirals and generals who were packed on to the platform when the London Chamber convened a meeting in January 1888 to hear an address by Brassey on 'The

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1. Egerton, op.cit., 369. Also for peerage, see his private papers at the National Maritime Museum, PHI/120 D, letter from Fitzroy, 9 Jan. 1892. Smith's narrow party approach to the state of the navy was revealed in his letter to Lord Salisbury, 12 June 1884, Hatfield House MSS 3M/Class E, when he suggested that the House of Lords committee proposed by Sir John Hay should not be favoured as its recommendations could be embarrassing in the event of a sudden change of Government.
 2. For example, H.R. Moon, 'The Invasion of the U.K., 1888-1918' (London University, Ph.D., 1977), 32. It is true to say, as does W.M. Hamilton, 'The Nation and the Navy: methods and organisation of British navalist propoganda, 1889-1914'. (London University, Ph.D., 1982), 48, that Beresford became a public figure and one of the era's foremost big navy spokesmen.
 3. C.C.P. Fitzgerald, Life of Tryon (1897), 256, acknowledged that Phipps-Hornby was the leader; see also idem., From Sail to Steam (1916), 156.
 4. Eardley-Wilmot, op.cit., 80.
 5. This is clear from his letters in the Phipps-Hornby Papers.

Defences of Empire and the Protection of Trade'.¹ Two months later the Lord Mayor was present at another London Chamber of Commerce meeting to hear a paper on 'The Corn Supply in Case of War' given by Captain Warren R.N., with Major-General Sir Charles Warren in the chair. The dangers which could arise to social order should the nation's food supply be interrupted were clearly spelt out. The grave national peril, of which Sir Charles Warren warned from the chair, was answered by a call from Sir John Glover for an omnipotent navy.² The CCJ in reporting the meeting described it as a fitting sequel to the Hamley speech of 1887 and Brassey's speech of January 1888, and talked of the support given by 'distinguished naval, military and commercial authorities'.³

The Times supported the work which the Chamber was doing⁴, and the climax of the London Chamber's campaign was the meeting in May with Beresford in the chair. The

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1. CCJ Feb. 1888 Supplement. The resolution, passed at the end of the meeting recording its emphatic opinion that the Government 'should in no way relax but rather increase its efforts', was seconded by the Duke of Cambridge. Also present was Beresford, who had recently resigned his position over the reduction in the salary of those in the Intelligence Committee of the Admiralty, letter from Bruce to Phipps-Hornby, 20 Apr. 1888, PHI/120 C; the Naval Intelligence Department were against the Admiralty to a man. General Brackenbury of the War Office Intelligence Branch was also on the platform. For his ideas on the need for a complete defensive scheme, see his secret memorandum to the Cabinet, CAB 37/19, 7, 4 Feb. 1887.
 2. CCJ Apr. 1888, 76.
 3. Ibid.
 4. The Times, 26 Jan. 1888, 'though not a very ancient body the London Chamber of Commerce has done some good work, but it never took up a more important subject than that of the defences of the Empire and the protection of trade'.

address on 'The Defence of Merchant Ships in case of War' was to be delivered by Sir Geoffrey Phipps-Hornby himself.¹ During the preparations for this great event, the acolytes of Phipps-Hornby had made their own contact with the City via the cousin of C.C. Penrose Fitzgerald, Henry Hucks Gibbs.² In the relative seclusion of the City Conservative Club, Fitzgerald, Bruce and Beresford met John J. Jackson (of the colonial broking firm Jackson & Till), Arnold-Forster, and probably Alex Wood.³ This small Conservative group appear not to have been aware, initially at least, of the great meeting which had been arranged by the London Chamber of Commerce for May, and only learnt about it when the Chamber asked Beresford to chair the meeting.⁴ The aim of the group was to erect 'a City scarecrow' to frighten the Government,⁵ not realising that the City had been arranging an intimidating

1. CCJ June 1888, 125.

2. Fitzgerald to Phipps-Hornby, 10 Apr. 1888, PHI/120C.

3. Bruce to Phipps-Hornby, 20 Apr. 1888, PHI/120C, mentioned that Jackson was in the chair. The Times 10 May 1888, 12, gave three names as the organising secretaries - Jackson, Arnold-Forster and Wood. William Paterson, R.F. Tufnell (deputy chairman of the Royal Mail Steam Packet) and H.S. King MP attended this group's preliminary meeting later, The Times 15 May 1888, 10. Capt. J.A. Fisher became involved at some stage, Fisher to Phipps-Hornby, 6 June 1888, PHI/120C.

4. Beresford to Phipps-Hornby, 24 Apr. 1888, PHI/120C. In the letter Beresford said he had heard that Phipps-Hornby was to address the London Chamber of Commerce, and he asked Phipps-Hornby if it were possible to add his name to a circular which the Conservative group were distributing to advertise a preliminary meeting of theirs. Phipps-Hornby did more, he attended the meeting, The Times 15 May 1888, 10.

5. Bruce to Phipps-Hornby, 20 Apr. 1888, PHI/120C.

demonstration of its own at which the navy's 'big man'¹ had already agreed to speak. The fear of the Government at the prospect of even a small meeting in the City was indicated by W.H. Smith's repeated efforts to stop the Conservative group from organising a public meeting.²

As the date of the London Chamber's big meeting on the navy approached, the Adjutant-General, Lord Wolseley, began to add his voice to those which warned that the imperial defences were seriously inadequate.³ His views were the excuse for a deputation of MPs to wait upon the Secretary of State for War.⁴ Despite a scolding from Lord Salisbury, Wolseley went on to make a very strong statement in the House of Lords on 14th May:

When I make this statement I am fully aware of the responsibility which I incur in making it. My statement is as follows: As long as the navy is as weak as it is at this moment, Her Majesty's Army dispersed as it is cannot hold its own over the world. Our defences at home and abroad, at the present moment are in an unsatisfactory condition, and our military forces are not organised or equipped

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1. This was Beresford's description of Phipps-Hornby, Beresford to Phipps-Hornby, 24 Apr. 1888, PHI/120C. This group was later assimilated by the London Chamber of Commerce, Arnold-Forster being elected to its Council in 1888, and Jackson in 1892. Beresford went on to give a number of addresses to the London Chamber, see ch.6 below.
 2. Bruce to Phipps-Hornby, 20 Apr. 1888, PHI/120C. This was another example of W.H. Smith placing party before naval interests, in spite of his close relations with the navy. This state of affairs was hinted at by Admiral Sir George Elliot in public, The Times 15 May 1888, 10.
 3. Hamilton Diaries, BL Add. MSS 48648, 11 May 1888. Wolseley had been reprimanded by Salisbury for his speech in Parliament but continued to give his opinion at social functions such as a dinner at the house of Sir John Pender, the great business name in telegraphic companies, *ibid.*, 15 May 1888; see also The Times 15 May 1888, 5-6.
 4. The Times 10 May 1888.

as they should be to guarantee even the safety of the capital in which we are at the present moment.¹

It was at this time that Punch changed its mood on the naval question from one of frivolity to seriousness.²

Phipps-Hornby's paper on 'The Defence of Merchant Ships in case of War' was given on 28th May. The platform was full of military and naval personnel - including Fitzgerald, Bruce and sixteen admirals - called 'as experts'.³ The shipping interests were well represented, including Thomas Sutherland MP, chairman of the P & O. It was the Earl of Carnarvon, chairman of the earlier Royal Commission on the navy, who, following Phipps-Hornby's address, put the resolution that the navy and merchant shipowners should meet to organise a reliable scheme of defence which would inspire commercial confidence and ensure the maintenance of the food supply to Britain during a war. Brassey seconded the motion, thus demonstrating Liberal support for the idea. Sutherland summed up the City's concern in a question which The Times quoted in its editorial, 'Was England, in the event of war

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1. The Times, 15 May 1888, 5-6. This was sufficiently important to bring before the Cabinet, CAB 37/21, 14, 6 June 1888.
 2. Compare the treatment given to Beresford's activity in January and February with the mixed presentation of early May, and the full page cartoon which depicted Britannia as 'The Unprotected Female' just two days before the great City meeting, Punch 28 Jan., 40; 11 Feb., 61; 5 May, 208; and 26 May 1888, 230.
 3. CCJ June 1888, 125; see also The Seventh Annual Report of the London Chamber of Commerce (1888), 74.

breaking out tomorrow, able to keep the sea and protect her commerce?'¹

The Government reacted so quickly, following this meeting, in announcing its intention to increase the size of the navy that about a week later Phipps-Hornby was able to put in his speech for the City meeting organised by the Conservative group:

I am glad that a speech by the First Lord of the Admiralty made yesterday week has relieved me from giving, and you from the tedium of hearing, my reasons for agreeing with Sir Edward Hamley when he said that the weakness of the Navy obliged him to propose certain military precautions.²

The supply vote was postponed in June, on the grounds that there was insufficient parliamentary time available, and the country had to wait until the following February to hear the details of the Government's plans for the navy.³

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1. CCJ June 1888, 125; The Times 29 May 1888, 11-12. The Times felt that it would be difficult to exaggerate the importance of this meeting; Marder, op.cit., 131, described the naval scare of 1888 as being under full sail following the 'influential public meeting convened by the London Chamber of Commerce in May'; Ranft, op.cit., 118-120, stressed the pressure from the House of Commons attributing much to Beresford who was supported by the brother of Penrose Fitzgerald, the MP for Cambridge.
 2. Phipps-Hornby papers, PHI/121 B 'Address on the subject of the naval requirements delivered to the City of London, 5 June 1888'; in fact, Phipps-Hornby was not present at the meeting to deliver the speech, although the conclusions it contained were brought before the meeting by its chairman, Tritton, The Times 6 June 1888, 6. Other prominent City businessmen who were present included R.N. Fowler, Sir George Chambers, J.S. Gilliat, R.B. Martin, Rokeby Price, H.S. King, and Edward Dent.
 3. The decision on the estimates was finally taken on 11 Dec. 1888, George E. Buckle (ed.) The Letters of Queen Victoria 1886-1901 (1930), i, 456.

The London Chamber of Commerce did not rest on its laurels. It introduced a resolution on imperial defence to the autumn meeting of the ACCUK. The motion, put for London by Sir Vincent K. Barrington, was seconded by Tonks, for the Birmingham Chamber, who recalled the words of Sydney Smith's prediction that nations would have to ask their bankers if they might go to war.¹ The London Chamber also discussed the idea of nominating a committee to inquire into the defences of the Port of London.² In the new year the Chamber managed to secure the Mansion House and the offices of the Lord Mayor for a meeting on the naval question at which Lord Brassey gave a paper on 'The Actual Strength of the Navy and the Expenditure Required to Secure its Supremacy'.³ Sir Geoffrey Phipps-Hornby, who had been ill during the autumn months, made a special effort to attend and speak to the paper.⁴ In his speech, Brassey charged that the Treasury was not competent in matters naval, a major challenge to the Treasury's role in general.⁵

Gladstone, even in opposition, pronounced himself against so early a recurrence of a naval scare and any further additions to the naval estimates.⁶ At the Treasury, Goschen had to give way to his colleagues.⁷ The

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1. CCJ Sept. 1888, 207-9.
 2. Guildhall Library MSS, 16,459, Council Minute Book, No. 1, 13 Dec. 1888 (henceforward CMB1).
 3. CCJ Feb. 1889 Supplement.
 4. Egerton, op.cit., 374.
 5. Henry Roseveare, The Treasury (1969), 183 et seq.
 6. Hamilton Diaries, BL Add. MSS 48650, 14 Dec. 1888.
 7. Ibid.; Edward Hamilton at the Treasury felt sure, as late as the end of the year, that £20m over five years was not liable to be presented to Parliament. This figure he was given by Beresford whom he met whilst hunting and shooting at Wilton, ibid., 30 Dec. 1888.

Naval Defence Bill proposed a spending of £21.5m over five years, £11.5m of which was to come from the ordinary shipbuilding vote and the additional £10m from a special Naval Defence Fund.

The Bill was based upon a confidential memorandum drawn up in July 1888 by the Sea Lords.¹ The Admiralty had been asked to give information firstly upon the amount of naval force necessary in the event of a naval war between the U.K., without allies, and the French, in a similar position, with a view to protecting the coast of the U.K., Gibraltar and Malta. Secondly, there was a list of the force required to afford reasonable relief to coaling stations if attacked, and thirdly, the amount of naval force necessary in a naval war between the U.K., without allies, and a combination of France and Russia in the case where Constantinople was to be defended. The cost of providing for such a situation totalled over £18.5m for the ten battleships, thirty-seven cruisers and eighteen sharpshooters, and a further £4m for the armaments of such vessels.

The Naval Defence Bill was significant, not only for the unprecedented size of such expenditure in time of peace, but also for the fact that it was based on a total and complete plan of supremacy over the most dangerous combination of rivals. The supremacy was doubly ensured, as it covered the threat of this combination, but did not take into account the fact that Britain could build iron

1. CAB 37/22, 24, August 9th, 'The Requirements of the British Navy'.

clads in three-and-a-half years (75 per cent faster than three years previously)¹ in contrast to the ten years which it was then taking France. The building programme was, therefore, one which could not be bettered by its rivals as their building was slower and more expensive², leaving aside the fact that money could be raised more cheaply and more easily in Britain than in France and, more especially, Russia.

The money involved in the new naval bill raises another aspect of relations between the City and the navy. There was a rumour in the City, in February 1889, that the Government was going to incur a defence loan of £100m.³ At the Treasury Edward Hamilton was arguing against a resort to government borrowing to pay for increased naval expenditure, on the grounds that it was unprecedented and liable to be seen as an attempt to remove naval expenditure from parliamentary control.⁴ Although The Economist was sceptical of Goschen's claim in March that the Government did not intend to raise the additional expenditure by a loan, it was surprisingly encouraging about the vast expenditure which it described as 'not too ambitious'.⁵

The dependency of the Government on the City for the success of its financial arrangements, that is the cheapness and facility of its borrowing, is a point which should not be ignored. Examples were particularly

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1. CAB 37/22, 40, 1 Dec. 1888, 'Naval Estimates, 1889-90', 3.
 2. CAB 37/22, 36, 14 Nov. 1888, 'Naval Estimates, 1889-90'
 3. The Statist, 23 Feb. 1889.
 4. Hamilton Diaries, BL Add. MSS 48650, 24 Feb. 1889; he also felt it would be the ruin of Mr. Goschen's career.
 5. Econ. 9 Mar. 1889, 299.

numerous at this time. The Chancellor's task of successfully attracting tenders for the Local Loans Stock in early 1888 would have been hopeless had he not taken Lord Revelstoke, Nathaniel Rothschild and Bertram Currie into his confidence.¹ The rise of the broking interest constituted another section of the City which had to be rewarded if the financial proposals of the Government were to be carried out satisfactorily. Aspects of the County Government Bill of 1888, for example, required a good bribe to broking interests.² The formation of joint-stock companies and the money to be made from such transactions had whetted the brokers' appetites.³ As Edward Hamilton of the Treasury confided to his diary,

It is no use nowadays to attempt to take any financial step without giving Brokers, which are such a powerful body an interest and without taking the financial 'big-wigs' into confidence.⁴

The best example of the period was the conversion scheme which Goschen carried out, having taken Revelstoke, Rothschild and one or two representatives of the joint-stock banks into his confidence, and having eventually accepted the necessity of offering the brokers sufficient pecuniary encouragement.⁵ Such a conversion meant a permanent reduction in the public costs of managing the national debt, and so more money for the Chancellor, or at least some slight relief given the unpalatable, high rate of income tax.

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1. Hamilton Diaries, BL Add. MSS 49637, 18 Jan. 1888.
 2. Ibid., 48638, 13 Feb. 1888.
 3. Ibid., 48637, 25 Jan. 1888, the newly formed Guinness, and Bass companies are cited as examples.
 4. Ibid., 7 Jan. 1888. See also p.246 below.
 5. Ibid., 48638, 4 Mar. 1888, et seq.

The conversion scheme was not enough to pay for the huge naval increases and it is worth noting where the Chancellor turned for his money, as it is arguable that the burden of taxation is distributed according to the political power of the different sections of the country upon which it falls.¹ The idea of taxing the activity of the Stock Exchange had brought howls of protest in 1888² and it was to the landed interest that Goschen turned in the spring of 1889. Goschen's argument, that City financiers paid income tax on their investments and so the returns which men like the Duke of Westminster received in ground rents ought to be liable to tax, was not enthusiastically received by the Cabinet³, but his percentage estate duty on all estates over £10,000 went down very well in the budget.⁴ Early notions of a registration tax on imports and exports,⁵ or a tax on shipping tonnage⁶ did not receive serious attention. The increased death duties, feared by some to be the thin end of the wedge of a graduated system of taxation⁷, together with an adjustment of the duty on beer, provided most of the money. As Edward Hamilton concluded 'it is better to tread on the toes of our rich class than to run amuck

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1. For example, the relative increase in income tax and decrease in indirect taxation as the working class achieved more power.
 2. Hamilton Diaries, BL Add. MSS 48648, 20 June 1888; also CCJ Aug. 1888, 186 - unsurprisingly Roger Eykyn and Samuel Montagu were the main opponents of the duty.
 3. Hamilton Diaries, BL Add. MSS 48650, 11 Apr. 1889.
 4. *Ibid.*, 16 Apr. 1889.
 5. *Ibid.*, 26 Mar. 1889.
 6. *Ibid.*, 26 Feb. 1889.
 7. *Ibid.*, 16 Apr. 1889.

against the commercial masses'.¹ It could be considered, therefore, that the choice of source for the money which paid for the larger navy in 1889 marked a rise in the political influence of business in general, and a relative decline in the influence of the landed. After all, two or three days after the budget when the Exchequer needed immediate borrowing of £6m², he had to be able to approach a City which would give him good advice and deal with his needs with equanimity. The Chancellor could not afford to be on anything but good terms with the City.

The importance of the navy to the City cannot be overestimated. As the CCJ had argued in 1885,³ the protection of British trade and transport abroad was as essential to British business interests as policemen were to the protection of property at home. This was particularly the case during a period when the power of the state was officially supporting business abroad. Such was the expectation that had been aroused by the end of the 1880s that, when British warships were sent to Delagoa Bay following an appeal for help from the chairman of the Delagoa Bay & East African Railway Co.⁴, the CCJ presented the incident as a recognition by the British Government of the

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1. Hamilton Diaries, BL Add. MSS 48650, , 2 Apr. 1889. The brewers, of course, complained and a deputation was received, see *ibid.*, 30 Apr. 1889.
 2. *Ibid.*, 18 Apr. 1889, Hamilton records that he immediately went to ask the advice of the Rothschilds over lunch at New Court.
 3. See p.182 above.
 4. FO 403/110 'Correspondence regarding the Delagoa Bay Railway Company, 1888-9; see also Parl. Papers (1890) LI (c.5903), 297 'Correspondence respecting the Action of Portugal in regard to the Delagoa Bay Railway'.

right to protect British capital wherever it might be invested.¹

Such an interpretation of events offended the sensibilities of The Economist, which pointed out that if the state were to use force to support the claims of British business against foreign governments Britain would never be at peace. The nub of The Economist's anxiety was the approaching possibility of exactly such a reality, as is clear from its appeal for an end to the 'blowing of the war trumpet'². These fears were not unwarranted to judge from the speech which Lord Salisbury had made at the annual dinner of the London Chamber of Commerce earlier in the year. He stated that business and the state were locked together and the greatest duty of the state was to defend British business interests abroad.

I dare not hope in this non-political assembly, that any portion of that kind indulgence is due to any sympathy with our political views, but I recognise rather in it that acknowledgement of the deep connection between the conduct of commerce and the conduct of the Government of this country, and an admission that we on our part and indeed you on your part, have ever been anxious to conduct those relations in the utmost spirit of co-operation and harmony. It is of great satisfaction to us to have the pleasure of meeting the Chamber of Commerce of the greatest commercial city in the world . . . For in a great commercial country like this the main object, and one of the chief objects, of the Government must be to so conduct the affairs of the country that industry and commerce shall have a course to do their work and display their energy . . . You are the masters. . . . Our greatest duty is to provide the material for defending the splendid commerce which your enterprise has created.³

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1. CCJ July 1889 'The Moral of Delagoa Bay'; see p.61 above.
 2. Econ. 6 July 1889, 860.
 3. CCJ Mar. 1889, 57, 'The Conduct of Commerce and Government'.

This moment did not mark the apex of the City's influence and achievement, but was rather the definite starting point of a much greater political role. Naval defence was only beginning its expansion, a growth which reflected the rapidly increasing magnitude of the City's wealth and power.

SECTION II: 1890-1900

Deeper than defence or amusement or government itself beats the pulse of the collective life which energises the Empire in its remotest bounds and determines the place of English people in the world. Nowhere is this mighty pulse so easily felt as in the City of London, where the sum of substantial national interests determines the course of national policy by operations as noiseless, as unnoticed, but as irresistible as those of gravity. The secret of national vitality, like the secret of individual life, eludes the individual observer; but he who knows the determining value of facts as compared with conscious motives will always find his most fruitful and fascinating field of study in that great group of forces compendiously described as 'the City'.

The Times, 11 July 1891

CHAPTER FOUR: FREE TRADE - THE MALLEABLE WEAPON OF

DOMINANCE

If by free trade is meant the free exchange of untaxed commodities - to which alone the theories of the political economists can apply - no such trade exists, or ever existed, not so long as revenue has to be raised ever can exist.¹

'Free trade' did not refer to an economic reality in the 1890s, any more than it had in the 1880s, but continued to be part of the public arguments with which the City promoted its own brand of nationalism. The problems involved in simultaneously supporting an aggressive form of economic nationalism and maintaining a credible concept of free trade were as great for the City in the 1890s as they had been in the previous decade. In many respects the battles for ideas and the circumstances under which they were fought were the same as before. The depression during the early years of the decade, perhaps the worst which occurred during the period known as 'the great depression', lent credence to the ideas of groups opposed to existing policy, and protectionism was as popular as ever in the Conservative Party. Gladstone was elected to power yet again, in spite of the divided state of the Liberal Party. In the City itself, the debate over sugar bounties and bimetallism persisted. If the increasing business interests of the City were to be protected and supported by the state in the 1890s as they had been in the 1880s, the City needed to be just as energetic and agile in its use of concepts and ideas, just

1. A. Williamson, British Industry and Foreign Competition (1894), 2-3.

as forceful in its promotion of empire and imperialism.

The greatest threat to the City's policy during this decade, judging by the strength of its reaction, was Gladstone and his Irish policy. In May 1893 a remarkable demonstration was mounted in the City which involved the Lord Mayor in an avowedly political meeting. The Times preferred to call the event 'superficially political' but 'in reality national'.¹ Certainly it was one of the best demonstrations of City nationalism of the late nineteenth century. Members of the Stock Exchange set out in a three part procession from Capel Court, Gresham Street and Basinghall Street to meet at the Guildhall. All wore a Union Jack favour and marched singing 'Rule Britannia'. The Irish flag, carried by Harry Bourke, was flanked on either side by a Union Jack. In the square in front of the Guildhall they burnt a copy of the Home Rule Bill to the singing of the national anthem. A large crowd gathered in the square and stayed all afternoon while a meeting was held inside the Guildhall.²

Sir Reginald Hanson reminded the meeting of the reception which Gladstone had given to a deputation of merchants and bankers not long before, when they had been rated for disturbing the closing years of the Grand Old

1. The Times 4 May 1893.

2. Ibid., 6. The meeting was convened at the request of the 'merchants, bankers and liverymen of the City'. Sir Reginald Hanson described those assembled as representing 'the commercial and corporate interests of the capital'. All the City MPs were present, as were representatives of the shipping community - Dixon-Hartland and Sutherland - and the banking interests - a bevy of Lubbocks, one Rothschild, a number of directors from the Bank of England, as well as a small band from the Committee of Lloyd's.

Man and for deserting the Liberal cause. To counter the latter charge, Hanson pointed out that the four MPs whom the City had elected as Liberals in 1868 were present on the platform to protest against the Home Rule Bill. The meeting then enthusiastically resolved, with encouragement from Sir John Lubbock, that the effect of the Irish Bill would be injurious to the 'mercantile and social interests' of the U.K. and 'dangerous to the stability and integrity of the Empire'.

It is an indication of the complexity of the City's position at this time that the man to whom they could most confidently turn for a preservation of the idea of free trade, Gladstone, was the very man who was endangering their notions of empire and imperialism. Those who, like the City, supported imperial federation, did not necessarily believe in free trade, however, and it was within the imperial federation movement that the City had to fight against protectionism.

Imperial Federation

The aim of the City's concept of imperial federation was continued, if not greater, dominance of the British Empire as a market for its business activities.¹ The free-trade imperial federation which the City promoted was in fact a freedom to dominate the Empire; in the same way as the free trade policy pursued by the City domestically was in fact freedom from the interference of the state with

1. This has been called 'non-tariff protection' by Marcello de Cecco, Money and Empire (Oxford, 1974), 29.

the power and activities of the City within the U.K.. This underlying reality only surfaced occasionally, one such example being the almost malicious delight with which the CCJ greeted the failure of Australian banks in 1893.

The Australians thought they had reached the time, when they could do without us. They will find the mistake of this belief, and also that they are controlled by the London money market whether they like it or not.¹

The blame for the failure of the banks was attributed to the protectionist policies employed in those colonies, on the grounds that an undue expenditure on public works had resulted from the lack of the financial responsibility that would have existed had the money been raised by income tax.² Another example of the way in which the City might be prepared to use its financial power to bring the colonies to heel was publicly proposed by Sir John Lubbock in his address to the annual meeting of the London Chamber of Commerce. Loans to the colonies, he declared, would be made on condition that the colonial tariffs were reduced.³ This policy may well have been put into effect unofficially by the City.⁴ As the economic depression

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1. CCJ May 1893. Compare this triumphant tone with a similar one used by Rokeby Price when giving evidence to the 1877-8 Royal Commission on the Stock Exchange, Powell, op.cit., 615.
 2. CCJ May 1893.
 3. The 12th Annual Report of the London Chamber of Commerce (1894), 21. Sir Charles Dilke, Problems of Greater Britain (1890), 630, had pointed out that the surest way of popularising the connection between the colonies and Britain in the colonies themselves, was to offer cheap capital loans. An indirect way of offering better terms to colonial borrowing was to admit colonial loans into the category of trust stocks, a ploy which Lord Rosebery considered 'one of the best trumps in the game', in a letter to Loring 13 Sept. 1891, Royal Colonial Society Library MSS 11, Imperial Federation League Correspondence, 1885-93.
 4. See p.220 below.

made itself felt, the City reiterated its solution which had not changed, except for the insistence on colonial free trade, since it had first proposed a 'national commercial policy' ten years previously.

By means of an active policy of annexation, colonial development, emigration, construction of roads, railways, telegraphs and harbours, by careful and wise investment, subject to colonial free trade, we may build up a commercial development in the future which will be more free from fluctuation, and less under the economic influence of other States, than has been the case in the past.¹

The battle which took place at the Second Congress of Chambers of Commerce of the Empire, between the supporters of a free trade form of imperial federation and those who wished to see an imperial customs union, has been described as disastrous for the protectionist movement.² The success of the City's strategy at the Congress was not straightforward. The battle plans had been laid out at the top of the agenda by the London Chamber of Commerce in the form of three resolutions. The first proposed that arrangements should be devised to secure a closer commercial union, and was clearly intended to lead the enemy on to common ground. The second claimed that a commercial union within the British Empire on the basis of free trade would tend to promote its permanence and prosperity, and aimed at dividing the enemy's ranks. The third warned that any fiscal union between the U.K. and its colonies based upon protection would be politically dangerous and economically disastrous, and that the

1. CCJ Jan. 1893, 'Trade Depression and its Remedy'.

2. Brown, *op.cit.*, 115.

arrangement most conducive to an intimate commercial union would be a reduction of colonial tariffs as near as possible to the 'non-protective policy' of the U.K.; this was intended to be the final crushing defeat of the enemy.¹

The first move was successfully carried out by Lord Brassey, who lured the colonial interests in the protectionist camp forward with talk of lending capital cheaply to the colonies, which is what he meant by commercial union. The second stage went badly wrong as the colonial representatives, particularly Tupper, saw the trap - if a resolution including free trade were passed, a discussion of differential duties would be pre-empted. After a series of skirmishes which were reminiscent of the first Congress, this resolution was postponed. The final move fared no better, and the debate continued into the second day of the Congress. All through the second day the battle continued. The situation became so serious for the free traders that Sir John Lubbock was forced to hand over the chair to Tritton in order to address the Congress himself; the fear of defeat for the protectionists was so strong that Tupper demanded that a vote on his amendment be taken again. On the third day Tupper's amendment was successfully defeated, and the third motion passed by 47 votes to 33. Despite this hard-won victory for the City's interpretation of imperial federation, the retreating protectionists managed to inflict minor damage on the free traders by winning the unanimous support of the Congress

1. CCJ July 1892 Supplement.

for a slightly altered second resolution. This resolution read 'freer' trade, not free trade, when it was finally passed.

The timing of this victory was important. In 1891 Lord Salisbury required, as a precondition for a second colonial conference, that the I.F.L. draft detailed proposals for imperial federation. This was a challenge to the unity of the League, which could be roughly divided up into three groups according to the priority which each assigned to different aspects of imperial federation, the free-traders, the defence group, and the protectionists. Such a difficult task came in the wake of another threat to the free trade view of imperial federation, the formation of the United Empire Trade League. This organisation, established in the spring of 1891, took over the leadership of the protectionist cause in Britain from the National Fair Trade League. Its declared aim was to unite

on a broad, popular and patriotic foundation all societies and persons, in the United Kingdom and throughout the Empire, interested in the extension of British trade, the security of British capital, and the prosperity of British labour.¹

Lord Salisbury had in mind, no doubt, the strong feeling for protectionism within the Conservative Party when he set his precondition. At the Conservative Party Conference in Birmingham in 1891 there were only six dissentients to Howard Vincent's motion which proposed 'the extension of commerce upon a preferential basis throughout all parts of the British Empire'.² In the

1. Brown, op.cit., 109.

2. Ibid., 78.

following May, shortly before he advised the Queen to dissolve Parliament, Lord Salisbury declared that it was necessary to have the threat of retaliation in order to gain access to foreign markets.¹ This lukewarm support for a policy of retaliatory tariffs did not lead to a Conservative victory at the polls, and some Cobdenites unfairly suggested that the Liberal majority of 40 seats represented Britain's rejection of a policy of retaliation.² The election results did not deter the Conservative Party Conference from again voting for tariffs in December 1892.³

The report on imperial federation, which Salisbury had requested, was finally passed by the executive of the Imperial Federation League in November 1892.⁴ It was essentially a free trade affair,⁵ the question of some form of customs union had been relegated to a section headed 'conducive to the maintenance of national unity but not essential to it'.⁶ It is possible that the report had taken so long to be prepared and endorsed because the free traders, who clearly dominated the League, had wanted to see what the outcome of the Congress would be before committing themselves. Certainly, the tensions caused by the compilation of the report led to the break-up of the

1. Ibid., 79.

2. Ibid., 81.

3. Ibid..

4. Labillière, *op.cit.*, 224; Kendle, *op.cit.*, 15; Brassey, *Papers & Addresses*, iv, 216.

5. Bryce described it as 'harmless' from a Liberal point of view when suggesting to Gladstone that he should not call a second colonial conference in response to the I.F.L. deputation, Bryce to Gladstone 12 Apr. 1893, Bryce Papers.

6. National Review Feb. 1894, 814.

the Imperial Federation League in November 1893.¹

It has been suggested that the free-trade group of the League were responsible for its break-up², but this is unlikely as the report had been free trade and Sir John Lubbock, who represented the City branch of the League, had been surprised to receive the circular recommending that the body be dissolved.³ It is more probable that it was the group which wished to promote defence interests above all else that brought about the League's demise.⁴ This would seem to be borne out by the fact that the defence group immediately set up the Imperial Federation (Defence) Committee, taking the old League's emblem and secretary.

The City was certainly not happy that the I.F.L. was dissolved, and at the final meeting of the League Sir John Lubbock had spoken out against the idea which was carried by a single vote and later endorsed by postal voting. Lubbock's reaction to this set-back for the cause of free-trade imperial federation was swift. He contacted branches of the I.F.L. throughout the British Empire and in July 1894 a meeting was held at his house to discuss the establishment of an organisation to succeed the I.F.L..⁵

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1. The report had been presented to Gladstone in March 1893 by a 100 strong deputation which included many City men. Gladstone stressed two points in reply, the importance of free trade as the basis of trade, and the need for definite figures for the colonial contributions to imperial defence which were envisaged in the report, United Empire vi (1915), 272.
 2. Tyler, *op.cit.*, 207.
 3. Hutchinson, *op.cit.*, ii, 39.
 4. This was the impression of someone who was present at the final meeting, G.W. Rusden, The History of Australia (1897), iii, 494.
 5. United Empire, vi (1915), 431.

The fact that Sir Charles Tupper was present at the meeting demonstrates the thoroughness of Lubbock's preparation for the event and his determination to create a representative body. The meeting decided to form a new association with the Duke of Devonshire at its head.

It is clear from Sir John's letter to the Duke just what the banker had in mind when he went to such energetic lengths to save the I.F.L..

It is thought desirable to keep up the flag of Unity and to show our desire to maintain the integrity of the Empire . . . It seems important that the Colonies should not imagine that there is on our part any lukewarmness as to the maintenance of the Union.¹

Enclosed in this letter to the Duke was a memorial signed by the most prominent men in the City of all parties. The Duke was also given to understand that the Lord Mayor had promised the Mansion House as a venue for the inaugural meeting which he would be willing to chair. The City was clearly taking over control of the imperial federation movement and intent on constituting a much more robust organisation than the I.F.L. had been.

To ensure wide acceptance of the new body, proofs of the proposals for its construction were sent out to a number of prominent political individuals for their comments. The title of the new organisation was a particular problem. It was Sir R. Herbert who baulked at the continued use of the term 'imperial federation' and suggested something like British Empire Union.² Herbert

1. Hutchinson, op.cit., ii, 39-40, Lubbock to Devonshire 19 Dec. 1894.

2. Ibid., 46-7.

had agreed to be chairman of the association if Devonshire accepted the position of president.¹

In April 1895 a formal deputation officially met the Duke of Devonshire at the House of Lords and presented him with a scroll, bearing a list of signatures which Sir John Lubbock described as 'the most important that had ever emanated from the City of London'.² The Duke agreed to head the organisation, and in the following month the British Empire League was founded, the permanent unity of the British Empire its primary objective.³ The inaugural meeting of the B.E.L. took place early in 1896 at the Mansion House. The Queen became the patron of the League and many prominent statesmen associated themselves with it. Its journal, the British Empire Review began publication in 1899.

The Times applauded the formation of the B.E.L., seeing as its task the transformation of vague imperial feeling into a systematic effort to draw closer the ties which bound the mother country to her colonies and dependencies.⁴ The Economist on the other hand, whilst agreeing that the unity of the Empire was a worthwhile

1. Ibid., 47, Lubbock to Devonshire 18 May 1895.

2. United Empire vi (1915), 431.

3. It appears that there was a group of MPs in the Commons at this time which called itself the Colonial Party, CCJ (Commerce) 1894, 540. It included Dilke, Gorst, Northcote, Macfarlane, Baden-Powell, Wedderburn, Heaton, Vincent, Dunn, Arnold-Forster Barton, Curran, Allan, Dalziel, and Capt. Norton. Its secretary was J.H. Hogan.

4. The Times 30 Jan. 1896.

objective, questioned the wisdom of producing the sort of propaganda which was expected from the B.E.L..¹ The complacent view of The Economist, that relations with the Empire should not be imperilled by restlessness or impatience, contrasted with the anxiety of City businessmen who were under the strain of increasing foreign competition.

While City interests were reconstituting the I.F.L., they did not abandon work for free-trade imperial federation through the London Chamber of Commerce. On the contrary, in 1893 at the instigation of the London Chamber of Commerce the ACCUK sent a memorial to the Government urging that a colonial conference be called.² The London Chamber regretted being unable to receive or entertain the delegates to the Ottawa Conference in 1894³, but a few months later the Chamber was again involved in organising another, the third, Congress of the Chambers of Commerce of the Empire.⁴ At the top of the agenda was the commercial relations between the U.K. and the colonies.⁵ Joseph Chamberlain, Colonial secretary in the new Government, agreed to be honorary president of the Congress.⁶

The appointment of Chamberlain to the Colonial Secretaryship, and his commitment to colonial development,

1. The Economist 1896, 131-2.

2. CCJ (Commerce) 1893, 175.

3. CMB 1, 11 Oct. 1894. According to Kendle op.cit., 18, the conference had arisen as a result of a discussion between the Australian and Canadian colonies over the Pacific cable and a steamship line from Vancouver to Australia.

4. CMB 2, 9 May 1895.

5. CCJ June 1895, 112.

6. Asked in November, CMB 2, 14 Nov. 1895, he offered any assistance in his power, CCJ Nov. 1895, 199.

was hailed in the City as the promise of a new forward policy.¹ The fact that his aspirations were interpreted in these terms, reflected the reservations which businessmen felt about Chamberlain's view that the colonies were a vast estate, a national domain. Whilst the City welcomed a strong commitment to empire and imperialism, it no more desired the interference of the Government in the economic aspects of imperial federation, than it wished for a protectionist form of federation. As the CCJ explained succinctly:

The danger lies in the fear that, while thus anxious to realise the aspirations of those who know, the Government may ignore the knowledge of those who know.²

Government aid in this context was criticised for lacking 'individual responsibility' and more importantly 'private endeavour'. The Chamber's Journal ended by stressing the importance of the navy, without which 'the profitable development' of the Empire was impossible.

An area in which the business aspects of the British Empire could, in the opinion of the London Chamber, be acceptably promoted by the state was the appointment of commercial attachés.³ A better system of intelligence was required in order to maintain the predominance of British business in the Empire. The London Chamber had successfully promoted this view at the ACCUK annual

1. CCJ Sept. 1895 'The New Forward Policy'.

2. Ibid.

3. CCJ Aug. 1895 'Government and Trade'.

meeting in 1894.¹ Chamberlain's decision to ask all colonial governors to ascertain to what extent foreign nations were competing with British business was welcomed and described as marking the official abandonment of the principle of laissez-faire.²

Sir Henry Bergne of the Commercial Department of the FO invited the London Chamber to discuss informally what improvements might be introduced by the FO in order to assist British trade along the lines which had been suggested in the CCJ.³ The City had asked for a better consular service and a better service from the consuls since the 1880s. At last the matter was acknowledged as one in which the Government could benefit from business experience. The long list of new consuls and commercial attachés, printed in the annual report of the London Chamber for 1896, attested to its success in attracting increased support from the state for British business abroad both inside and outside the Empire.⁴

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1. The 13th Annual Report of the London Chamber of Commerce (1895).
 2. CCJ Dec. 1895 'The Development of Colonial Trade'.
 3. CMB 2, 9 Jan. 1896.
 4. The 15th Annual Report of the London Chamber of Commerce (1897), 52. The London Chamber expressed its gratitude to Chamberlain formally in a resolution which it put before the ACCUK in 1896, CCJ Jan. 1896, 10. The debate over the role of state representatives abroad in promoting British business continued. The Chamber put another resolution to the autumn meeting of the ACCUK, CMB 2, 16 July 1896. There was a debate in the House of Commons in the summer, CCJ Aug. 1896, 141-3. In November the Council of the London Chamber supported the suggestion of its executive that British representatives in the colonies should send regular reports to the U.K., CMB 2, 12 Nov. 1896. Rosebery's suggestion that the Chamber itself should obtain the information was not accepted, CMB 2, 12 Nov. & 10 Dec. 1896.

The third Congress of the Chambers of Commerce of the Empire of 1896 was attended by four hundred delegates from one hundred and seventy-two organisations.¹ It played a major role in promoting the City's view of imperial federation both generally, as representing continuity during the interval between the I.F.L.'s demise and the formation of the B.E.L., and particularly, as it did not endorse Chamberlain's idea for an imperial customs union, for which it was complimented by The Economist². The Congress agreed that the British Government should call an imperial conference and that a consultative imperial council be formed. The details of imperial federation were aimed, as they had been in 1892, at extending the dominance of City finance over the Empire - the codification of the commercial law of the Empire, the establishment of further British postal routes and telegraph cables, an imperial postage, and a uniform bill of lading.³

As had happened previously, the Congress of the Chambers of Commerce of the Empire was followed by the convening of a colonial conference a year or so later. The London Chamber of Commerce gave a banquet to the Colonial Premiers while they were in London.⁴ One of the

1. CCJ June 1896 'Imperial Commerce'.

2. Econ. 1896, 755-6, The Economist still insisted that the discussion of subjects upon which there was strong disagreement tended to produce discord rather than unity.

3. The 15th Annual Report of the London Chamber of Commerce (1897), 83.

4. CCJ Aug. 1897, 140. The conference, which the London Chamber had hoped to hold with them to discuss such subjects as closer commercial relations, CMB 2, 6 May 1897, did not take place for lack of time, The 16th Annual Report of the London Chamber of Commerce (1898).

outcomes of the meeting between the Colonial Premiers and the Colonial Secretary in 1897 was the realisation that only the Belgian and German trade treaties stood in the way of the colonies reducing their tariffs in favour of the U.K..¹ The London Chamber of Commerce had decided, before the conference took place, to try to facilitate a rapid renunciation of these treaties,² and following the conference Lord Salisbury proceeded to remove them.³

In the same year, a new Canadian tariff was announced whereby goods of British origin would receive a 12.5 per cent rebate. The willingness of a colony to lower its tariff was regarded in the City as a movement towards that free-trade imperial federation which it had long been promoting. The president of the Institute of Bankers described it as 'a first step in the direction of free trade; a beginning towards throwing off those shackles of Protection with which unfortunately almost all of our Colonies hampered themselves'⁴. He went on to point out that a £2m loan which had been successfully floated for Canada in the autumn had, at 2.5 per cent, been the lowest interest rate at which any colony had previously secured a loan. A considerable factor in the success of this loan, he intimated, had been Canada's unilateral movement

1. Kendle, op.cit., 30.

2. CMB 2, 6 May 1897.

3. Kendle, op.cit., 30.

4. Journal of the Institute of Bankers (1898) 'The Inaugural Address by Robert Williams MP, given 1 Dec. 1897.

towards free trade.¹ It is clear that the City, and particularly the banking community, were concerned to maintain the integrity of the British Empire in such a way as to preserve the economic dominance of the centre over the periphery.

The Colonial Stock Act of 1900 might be taken as a final example of the City's free-trade imperial federation. It has been pointed out that colonial government stocks fared no better, or worse, after being admitted to the category of trustee investments.² Simply put, there was apparently no economic advantage to the colonies from the change. There was, however, an advantage from the City's point of view, as the colonies had to adopt the previous Colonial Stock Acts. They had to agree to pay from their domestic revenues any sum which an English court judged owing to the stock holders, and to invalidate any colonial law which altered trustee regulations. This Canada did in June 1900.³ The City had been hoping to achieve just this sort of security for finance through its free-trade imperial federation policy.

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1. David Jessop, 'The Colonial Stock Act of 1900; a Symptom of the New Imperialism', Journal of Imperial & Commonwealth History iv (1975), 154-163, suggests that Canada was exploiting an imperialist mood and gives the impression that the loan was successfully placed because of public popularity for the Empire in Britain. He does not emphasise why Canada in particular was so popular in the City.
 2. Ibid., 161.
 3. Ibid., 160.

Crown colonies borrowed money by means of the Colonial Stock Act of 1900 in preference to using the Colonial Loans Act of 1899.¹ The effect of this change was to provide business for the City rather than keep it in the hands of the state. Chamberlain's unimplemented schemes, such as his ideas for the creation of Colonial Consols and a reserve fund for the colonies from Suez Canal receipts,² like the Colonial Loans Act of 1899, would have meant that the state took away business which might have gone to the City, an element in the over-enthusiastic colonial policy of Chamberlain upon which the City had already expressed concern.³ It was to avoid precisely such possibilities that the City had successfully promoted its particular free trade version of imperial federation, that is its freedom to act as the business centre for the British Empire.

Silver

But there is one business that we must maintain for ourselves in England, that at present we have entirely the monopoly of, that is our free trade in gold. That means to English banking its power and, I may say, its world wide opportunities. In no other country in the world - not in Paris nor in Berlin - is gold absolutely free. . . . That centres the trade in London, and keeps it from Paris or Berlin.⁴

The term 'free trade' was applied to describe Britain's maintenance of a gold standard, a position which the majority of the City would support. A minority of

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1. Richard M. Kesner, 'Builders of Empire: The Role of the Crown Agents in Imperial Development, 1880-1914', Journal of Imperial & Commonwealth History, v (1976-7), 316-7.
 2. Hamilton Diaries, BL Add. MSS. 48665, 22 Nov. 1895.
 3. See p.217 above.
 4. Journal of the Institute of Bankers Mar. 1898, 140, R.B. Martin.

City businessmen, whose main interests were in silver-using countries, held a very different view of the currency question. They wished Britain to adopt a silver and a gold standard, such that the two metals would have a fixed ratio of value. It was believed by some that this would halt the relative rise in the price of gold and the relative fall in price of silver. Many prominent City businessmen who felt this way were members of the London Chamber's East India and China trade section, which made a number of unsuccessful attempts in the early 1890s to obtain the support of the Council of the Chamber for bimetallism.¹ The Council, however, was quick to contradict any suggestion that it favoured the introduction of a silver standard.²

The trend was going against silver. During the 1870s most European and Scandinavian countries had adopted the gold standard, or reduced their coinage of silver. In 1892 Austro-Hungary adopted the gold standard, in the following year Russia decided to coin 100m gold roubles and the Sherman Act was repealed in the USA. During the next two years even South American countries began to choose the gold standard.³ The Mints of India had been

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1. For example, EICMB 6 Oct. 1892; CMB 1, 12 Oct. 1892. In 1894 the section supported the idea of a silver dollar for the Straits Settlements, EICMB 24 Jan., 8 Feb. 1894. It also tried to obtain the support of the Council for the resumption of the Monetary Conference, EICMB 6 Mar. 1894; CMB 1, 8 Mar. 1894.
 2. Following a bimetallist deputation to the Prime Minister in May 1892, a letter was printed in The Times claiming that all British chambers of commerce were in favour of introducing a silver standard. The Council immediately issued a letter denying this, CMB 1, 12 May 1892.
 3. BM 1896, 743, provides a list of these changes. For details of some of the changes, see de Cecco, *op. cit.*, Ch. 3 'The Spread of the Gold Standard in the World - a short review'.

closed to the free coinage of silver in 1893.

The president of the London Chamber of Commerce, Sir A.K. Rollit, felt so confident of the general opposition to disturbing the gold standard in the City that in his presidential speech in 1894 he accused the Bimetallist movement of attempting to replace the British gold standard with 'a currency of cowries and brass farthings'.¹ It was not possible, however, to dismiss the support that did exist for bimetallism with a tactless remark. The economic depression continued into 1895, expectations for an improvement in business were not realised and none of the 'leading markets in the world' appeared in a better position than they had a year before.² Lord Brassey returned from India criticising the decision to close the Indian Mints.³ The time had come when those in favour of the gold standard felt that the activities of the Bimetallist League and their supporters had to be checked. Bertram Currie, who had attended the Monetary Conference in Brussels, convened a meeting which resulted in the

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1. A struggle took place in the East India & China section over whether or not Rollit should be called to account for his remark. In the end he attended a meeting of the section to explain that he had been speaking in a personal capacity, EICMB 14 June, 5 July 1894.
 2. CCJ Jan. 1895.
 3. CCJ Feb. 1895, 23. He gave an address to the City on 'Indian Currency', in which he listed those who were opposed to the closure - the Statist and the signatories of a letter to the Government of India, representatives of the Bank of China, the Hong Kong & Shanghai Banking Corporation, and such firms as Kilburn, Yule, Steel, Gillanders, Arbuthnot and Graham.

formation of the Gold Standard Defence Association.¹ It was not long before Sir John Lubbock took a spell as head of this Association, Tritton was chairman of its council, and Pascoe C. Glyn its Treasurer.² Currie, like Lubbock, was no stranger to the Cobden Club which also produced literature to counter the work of protectionists and bimetallists.³

Arguments between the gold and silver factions continued in the pages of the CCJ also.⁴ The East India and China trade section maintained its attempts to influence events,⁵ prompted on occasion by the chambers of commerce of Bombay, Bengal, Calcutta and Singapore⁶, but even with unofficial information at their command⁷, the efforts of the section were thwarted.⁸ No doubt the China Association also tried to promote silver as a currency. It may be taken as evidence of the importance which City businessmen with interests in the Far East attached to the London Chamber of Commerce that at no time was there talk of leaving the London Chamber over the silver issue,

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1. Roger Fulford, Glyn's, 1753-1953 (1953), 203. Currie was its first president.
 2. The Gold Standard 1898, a selection of the papers of the Association for the years 1895-8 is to be found in the Goldsmiths' Library, Senate House Library of the University of London.
 3. For example, Lord Farrer, The Neo-Protectionist Schemes of the Rt. Hon. Joseph Chamberlain (1896), leaflet 105 cv of the Cobden Club.
 4. CCJ July 1895, 67.
 5. EICMB 4 Oct., 15 Nov. 1897.
 6. Ibid. 29 Mar. 1898.
 7. Ibid. 19 Apr. 1898, Keswick had heard that a commission was to be established.
 8. EICMB 24 May & 25 Oct. 1898.

despite the great importance this question had for them.

The debate over bimetallism, like that over protectionism, brought out the distinction between the public use of the term 'free trade' and the political and economic reality which it was being used to promote. Precious metals were not left to find their own value as the term 'free trade' suggests. There was a fixed minimum rate for gold which was maintained by the Bank of England. In the context of the bimetallist debate the City used 'free trade' as it had been used in other contexts, to limit state action to its existing commitment. Free trade meant state support for some interests but not for others. It was an important catch-phrase with which to sustain the dominance of particular businesses within British economic activity, and to maintain the supreme position of those same interests in the context of foreign economic competition abroad.

Sugar

The degree to which the concept 'free trade' could be reshaped to protect economic interests was best demonstrated in the 1890s, as in the previous decade, by those with interests in the West Indies. Although the British Government had made special tax-concessions and arrangements for the West Indies in 1894-5, which eventually included a government loan¹, the help which

1. H.A. Will, 'Colonial Policy and Economic Development in the West Indies, 1895-1903' Economic History Review xxiii (1970), 129.

other powers gave to their sugar production was denounced as 'a violation of the true principles of free trade', and the abolition of such practices demanded, at a meeting of the London Chamber of Commerce in 1898.¹

Such an extreme test of the malleability of the term 'free trade' was not easily contrived, and it was largely due to the vigorous efforts of Nevile Lubbock with the support of the West India Committee.² The City as a whole was not enthusiastic about the needs of the West Indies interest, and Nevile Lubbock's main task in 1897, when the Royal Commission to inquire into the state of affairs of the West Indies was meeting, was to prevent the London Chamber of Commerce from presenting evidence to the commission.³

Joseph Chamberlain had shown a strong personal interest in the West Indies within weeks of taking office,⁴ and a speech he gave to the Liverpool Chamber of Commerce in the winter of 1897-8⁵ established the

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1. CCJ Feb. 1898, 29. The resolution was put by N. Lubbock and seconded by E. Tate.
 2. The West India Committee increased its membership rapidly between 1886 and 1898, its yearly income from subscriptions rose from £722 to £2,265, Hall, *op. cit.*, 30. This was perhaps a reflection of the acute difficulties which the West India sugar industry experienced during the 1890s.
 3. N. Lubbock wrote to the Council of the London Chamber threatening to resign if evidence was offered, CMB 2, 14 Jan. 1897, The Bakery, Biscuit-Making and Confectionary trade section, however, convened a meeting in May on the subject of the Royal Commission, GMB 3, 12 May 1897. The West India Committee was well-represented at the meeting with the result that it was decided to adjourn until the Royal Commission had reported.
 4. Will, *op. cit.*, 133.
 5. Hall, *op. cit.*, 29. The speech was given on 18 Jan. 1898, and he received a resolution of thanks from the West India Committee for it.

political context for an attempt to obtain the active support of the London Chamber of Commerce for a policy of countervailing duties. This action was instigated by a letter from the Greenock Chamber of Commerce,¹ and it was Sir Thomas Sutherland, chairman of the Greenock Chamber and MP for Greenock, who spoke to the general meeting of the London Chamber of Commerce² as 'a convinced Free Trader' in support of the resolution to abolish foreign sugar bounties.³

When the issue was raised in the City's chamber of commerce in the following year, it was again introduced by means of a letter from another chamber of commerce,⁴ and not from within the City.⁵ Nevile Lubbock had to resort to article 28 of the rules of association of the London Chamber⁶ in order to get the Council to convene a meeting

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1. Exec.MB 27 Jan. 1898. Henry Coke pressed the subject at the executive meeting.
 2. This was the general meeting referred to on p.227 above. It had been well-planned at the Council meeting the day before when it was made clear that no amendments to the resolution were expected and no-one was to speak for the Chamber as a whole, CMB 2, 3 Feb. 1898. The resolution was later sent to Lord Salisbury and Chamberlain, CMB 2, 3 Mar. 1898.
 3. The Bakery section was still against countervailing duties, as the executive of the Chamber was informed, Exec.MB 27 Jan. 1898. When the Bakery section had a joint meeting with the General Produce section to discuss the resolution from the Greenock Chamber, however, the result was support for the Greenock resolution which urged the Government to re-open negotiations immediately with the bounty-giving countries with a view to abolishing the duties.
 4. CCJ June 1899, 169.
 5. Indeed, the Bakery section had issued a circular in March calling for an end to state interference in the sugar question, which appeared to have the authority of the Council. Within 24 hours the Anti-Bounty League had officially raised the issue with the London Chamber and N. Lubbock attended the Council meeting to press the point, CMB 2, 24 Mar. 1899.
 6. A general meeting could be called at the official request of nine members of the Council.

which marked the climax of his efforts to gain City support for the abolition of sugar bounties.¹ By the time the meeting was held in June 1899 Neville's brother, Sir John Lubbock, had been persuaded to support a demand for an international convention on the question of sugar subsidies; Sutherland had convinced the London shipping interests, as represented by John Glover, to support it also.²

At the meeting a very fine distinction was drawn between countervailing duties, which the City was not being asked to support, and the demand for an international convention containing a penal clause prohibiting the import of subsidised sugar, which was proposed at the meeting. Such arguments stretched the credibility of the free trade argument to its limits and despite all Lubbock's planning at least one City businessman present described the proposal as protectionism.³ Although a majority of the meeting did eventually support the proposal, the City as a whole was clearly unsure about the soundness of such behaviour.⁴ If the City was uncertain, the ACCUK was strongly against

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1. General Purposes Committee meeting, Exec.MB 2, 30 May 1899; CMB 2, 8 June 1899. N. Lubbock had to use this means of convening a general meeting as the Council had voted against such a meeting, in March by 12 votes to 6, CMB 2, 11 Mar. 1899; also CCJ June 1899, 169.
 2. CCJ July 1899, 121; The Times 13 June 1899, 12.
 3. Robert Wales of the Coffee & Cocoa Section.
 4. This was demonstrated again in the following year when N. Lubbock again had to use article 28 in order to convene a meeting, CMB 2, 19 Apr. 1900.

such protectionist proposals.¹ Nevertheless, Nevile Lubbock continued tirelessly to cajole the London Chamber into supporting West India interests² until the Brussels Convention ended the bounty system in 1902.³ His efforts demonstrated what a small, determined and influential group of businessmen could achieve providing their demands did not clash with any major City interest. The only casualty in this case was the further deformation of the concept of 'free trade' which the City seemed prepared to accept. The fact that help to the West Indies could be described as encouraging the growth of 'Imperial sentiment' made the activity more palatable to the City.⁴

Free Trade and City Nationalism

What we may term trade expansion from the business point of view, is the same thing as imperialism looked at politically or in a statesmanlike manner.⁵

The City continued to promote imperialism as the only economic way forward for the U.K. in the 1890s, as it had

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1. CCJ Apr. 1900 Supplement. Lubbock insisted on a vote by chambers, rather than individuals, but still lost by 42 to 25. The Manchester Chamber of Commerce had recently joined the ACCUK and resisted vigorously this tampering with the old principle of free trade.
 2. In 1901 Sir Nevile Lubbock threatened to call yet another special meeting if the delegates from the City to the ACCUK meeting were not instructed to vote in favour of the sugar bounties resolution, CMB 2, 28 Jan. 1901. In the event, the resolution was withdrawn, CCJ Apr. 1901 Supplement. N. Lubbock was knighted in 1898 for his services to the West Indian colonies, whether this was intended to arrest his activities or encourage them is not clear, but the latter was the effect achieved.
 3. Hall, op.cit., 29.
 4. CCJ Aug. 1898 'Commercial Legislation'.
 5. Bankers' Journal 1899, 515.

done in the previous decade. The proposed sale of British goods to new areas of the world was merged with the idea of the spread of civilisation. Vaunted as the liberation from a state of primitive stagnation, or even regression, for the cultures and economies of the non-industrialized world, imperialism was essentially the education of the newly-civilised into a newly-dependent position.

In Asia and Africa countless populations are, so to say, waiting for us. The great thing to do is to teach people to want, to teach the naked savage to want clothes, to teach the dweller in a hut to want a house, and so on.¹

The realisation that Britain had become isolated during its period of financial and imperial expansion became acute at the beginning of 1896. An article in the Bankers' Magazine asked Germany and other would-be colonizing nations to bear in mind that the lands which Britain colonized were 'thrown open to trade without restriction or limit', that 'blood and treasure' were expended in the spread of civilization by Britain who then stood aside and let British merchants and traders 'be elbowed out of the field' by German competition.² Free trade could be used as a justification for imperialism at an international as well as a domestic level.

As industrialization in Europe and the USA accelerated, the economic competition abroad intensified, and relations with the other major powers continued to be presented by the City as a fine mixture of free trade and

1. CCJ (Commerce) 3 Jan. 1894.

2. BM 1896, 194. It is interesting that this article by Hartley Withers suggested an alliance between Japan and the U.K..

economic nationalism. The idea that economic competition between nations was a substitute for real warfare was reiterated in the 1890s.

The time seems to be approaching when political economy, right or wrong in its application to commercial affairs, will displace the master of military or naval manoeuvres. Nations will fight, not with the sword or the rifle, but through the medium of the Customs' office.¹

The fact of economic interdependence and co-operation between countries was ignored by the City publicly. Free trade now represented competition not co-operation, and the term 'free trade' was allied to the armed rivalries of nations not to peaceful coexistence. In this way war became a continuous and natural aspect of economic survival. Economic nationalism was the only future presented by the City. Even The Economist admitted the limitations of 'the old Manchester doctrine' and laissez-faire, and suggested that democracy made the advantages of association and state leadership acceptable.² The country was publicly prepared to go to war over 'the open door' of free trade in China.³ The conflation of Britain's 'prestige' in the world and British business interests abroad was established.⁴ The Economist which had admonished the CCJ for blowing the war trumpet in the

1. CCJ June 1900.

2. Econ. 7 Apr. 1894, 416 'The Advance Towards State Socialism'.

3. CCJ Jan. 1898; see the next chapter for details, p.269 below.

4. BM 1896, 196, referred to 'the prestige with which our commercial prosperity is so closely connected'; CCJ Feb. 1900, '"British prestige" is not an empty phrase, but must be maintained at all costs, as any loss in this respect must re-act on those material interests which lie at the base of our commercial supremacy.'

1880s was, in 1896, anxious to assure Germany that, despite the lack of panic on the Exchange, British resistance to the Kaiser's telegram would lead to war if necessary.¹

The reaction of the City to the outbreak of war in South Africa a few years later provided the best example of City nationalism since the 1893 demonstration against Gladstone's Irish policy. At the suggestion of Sir John Lubbock², the Lord Mayor convened a meeting at the Guildhall 'in support of the South Africa policy of Her Majesty's Government'.³ Inside the Guildhall the Band of the City of London Police provided patriotic music to a packed house, and an overflow meeting was conducted outside to a very carefully selected crowd. Such manifestations of nationalism were well-planned public exhibitions. There was no blind patriotism in the mind of those who organised them, as demonstrated by the way an attempt to tax brokers' contracts during the war was quickly and successfully opposed by the London Chamber of Commerce.⁴ Indeed, the money needed to finance the war itself involved the City directly. Edward Hamilton discussed the possible ways of raising money with Harvey at Glyn's Bank,⁵ with Alfred Rothschild⁶, and with E. Cassel.⁷ Both Cassel and Nathan Rothschild said they

1. Econ. 11 Jan. 1896, 34.

2. Hutchinson, op.cit., ii, 116, 11 Oct. 1899.

3. The Times 17 Oct. 1899, 12 'The City and the War'; see also ibid. 12 Oct. 1899, 10, & the editorial comments.

4. CMB 2, 8 Mar. 1900; CCJ May 1900, 90-1.

5. Hamilton Diaries, BL Add. MSS. 48676, 19 Jan. 1900.

6. Ibid., 4 Feb. 1900, in order that he might discuss it with his brother, Nathaniel.

7. Ibid., 12 Feb. 1900. This took place over dinner.

would assist the Government in guaranteeing the success of the loan.¹ The City's love for its country in the hour of need was questioned, however, by the Governor of the Bank of England: "Their patriotism is a mere matter of price - make that attractive enough and there will be no danger of the loan not being subscribed."²

The role of the City in the expansion of the navy is described below and, as in the case of the navy, the City projected itself as nationalistic only when it suited its pocket either directly or indirectly. The nationalism associated with imperialism could be an important and direct factor in profit-making, as The Economist noted in 1893.

. . . Messrs. Rhodes, Rudd, and Beit, Baron Nathan de Rothschild, and the select few to whom shares (of the Central Search Association) were allotted, should have a very extensive opportunity of making money at the expense of investors in general and patriotic investors in particular.³

Another aspect of free trade that was changed by the City's nationalism was its resonance with other freedoms, particularly democracy. When City journals, such as the Bankers' Magazine, referred to liberty they meant the City's freedom to carry on the specific economic activity which was making it so wealthy and powerful. Thus it was argued that liberty was in danger from democracy, "politics may be summed up as a struggle between two sets of maggots as to which is to eat the cheese."⁴ The City

1. Ibid. 6 Feb. 1900.

2. R.S. Sayers, The Bank of England, 1891-1944 (1976) i, 16.

3. Econ. 1893, 1371.

4. BM 1895, 139-140.

was complaining about the country-wide indifference to City affairs, and the preoccupation of other sections of the population with their own economic interests. The difficulty was exacerbated, from the City's point of view, by the fact that its economic activity was not as conspicuous or easy to understand as wage-earning or industrial manufacture.

. . . the growing disproportion between our imports and exports, pleasantly as the excess may be explained away when the "unseen" factors which cause it are laid bare by economists and statisticians. Democracies, however, show a lofty disdain for the "unseen"; and in that disdain reposes a danger to our economic regime₁ - not only in matters of trade - in the near future.¹

The fear was that protectionism would soon be within the range of practical politics, and, if that was the case, the City did not know where such a movement would stop. As Bryce retorted in the debate on the shrinkage of markets initiated by Howard Vincent in 1895, protectionism might be carried so far as 'to prevent British capitalists from investing money abroad or lending money to industrial enterprises in foreign countries'.²

The behaviour of the City business community was challenged even by the ACCUK in 1897, particularly 'gambling in "futures"'.³ The CCJ defended City business practices as 'the acme of perfection in administering

1. CCJ Feb. 1899.

2. Parl. Deb. 4th Series, xxxi, 1240, 15 Mar. 1895.

3. CMB 2, 4 Mar. 1897, at the Council meeting H. Rokeby Price and Faithfull Begg strongly criticised the ACCUK resolution which the London Chamber had been asked to second, and no further action was taken by the Council following its condemnation of the proposal.

human affairs'.¹ Democracy was not seen in such a favourable light, and the delay of important commercial bills in Parliament, possibly reflecting the criticism which City business was receiving, suggested to the London Chamber of Commerce that the idea of a commercial party in the House of Commons should be resurrected.² Although the London Chamber was successful in obtaining the support of the ACCUK for the idea³ and at one point it was expected that the commercial party would become an accomplished fact,⁴ the realities of such a move eventually eroded any optimism.

Some people have advocated the organisation of a commercial party, but what guarantee is there that it would survive the existence of the Parliament in which it was formed, and how many candidates for Parliament would dare to appeal to a constituency for election mainly on the ground that they were members of the commercial party? Would they be likely to be more numerous than the so-called labour party? Such as it is, that party and its members are by no means free from political consideration and they sit on the same side of the House!⁵

It was decided to form a commercial committee of MPs rather than a party, and this was formally put to the Council of the London Chamber in 1899.⁶

The advantage of the term 'free trade' to the City's promotion of its form of nationalism was that, in the same way as the term could be used to present foreign

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1. CCJ Aug. 1897.
 2. CCJ Feb. 1898 'Commerce in Parliament'.
 3. CCJ Mar. 1898 Supplement. The motion was carried despite the intervention of the President of the ACCUK against it.
 4. CCJ Apr. 1898, 74. The subject was also discussed at one of the London Chamber's monthly dinners, CCJ Dec. 1899, 245.
 5. CCJ Dec. 1899.
 6. CCJ Jan. 1900, 270.

competition as selfish and protective, it could be used domestically to denounce protectionism and socialism as selfish class interests. This is not to say that the City opposed all forms of 'state socialism'. Chamberlain's plan to help develop the crown colonies was not expected to encounter any serious opposition, "These are revolutionary days, and, as Sir William Harcourt has told us, we are all Socialists now . . . ¹. The City was not against increased organisation and control which it was developing itself through its economic activity and near monopolistic practices. This behaviour was presented, not as the protection of class interests, but as a quality which was more in keeping with free trade, that business-like attribute 'efficiency'. The merits of regularity and reliability were promoted as the justification for those aspects of City behaviour which were clearly not free trade. It was on this basis that monopolies such as the shipping rings,² or the state's refusal to put the business of colonial development out to tender were defended.³ The only businesses which could be counted on to be reliable and regular were existing big businesses which had large amounts of capital at their disposal. 'Efficiency' meant submission to the existing laws of free trade and the market, the City's laws. In this way any business not aiming at making a profit, such as state-run

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1. BM 1895, 497 'State-Aided Expansion of Trade'; The Economist had already admitted the advantages of association and state leadership, Econ. 7 Apr. 1894, 416 'The Advance Towards State Socialism'.
 2. Parl. Papers (1909) XLVII (cd. 4668) 'The Report of The Royal Commission on Shipping Rings and Deferred Rebates', 382, Q 10588.
 3. Kesner, op.cit., 321.

businesses, were 'bound to be inefficient, or to prejudice the interests of individual or joint-stock traders'.¹

Just as efficiency was reduced to the way in which big business made profits, so the study of economics, if it was to be a science 'in the true sense of the word', was to be confined to the existing everyday activity of business.² The formation of the British Economic Association had not provided the orthodoxy which had been hoped for.³ Although the economists themselves were not blamed, it was pointed out that "the wildest theories and most hare-brained schemes of social and economic reconstruction can be, and are continually, based on the writings of economists".⁴ An example given in this context by the Bankers' Magazine was that the most influential socialist writer, Karl Marx, had based his writings on those of Adam Smith.

The view which the City presented of itself and its activities was not necessarily accepted by contemporaries. National interests were not City interests beyond 'the square mile'. Free trade and nationalism were not obvious allies in the minds of all.

Free trade arranged in the interests of capital that is polyglot, mobile, and cosmopolitan, is not necessarily to the advantage of labourers chained to the spot by language, family and circumstances.⁵

The money-lending abroad of the early part of the century was compared with that of the late nineteenth century, the former period being a time when England lent to her

1. BM 1895, 144.

2. BM 1897, 35 'Facts versus Economic Theories'.

3. The Times 21 Nov. 1890.

4. BM 1897, 35.

5. Arnold White, English Democracy: its promises and perils (1894), v-vi.

political friends, the latter being when capital was lent to political and industrial rivals 'helping them to supplant us in the struggles whether of peace or war'.¹

The account which the City gave of the expansion of British business interests abroad, an objective, free-trade process in the national interest, has been taken up by historians since the late nineteenth century without detailed scrutiny.² The term 'free trade' in isolation suggests, like the term 'free market', economic activity carried on by discrete interests without the involvement of the state. During the 1890s, it was used by the City as a justification for a state-subsidised, state-supported, oligarchic economic development at home and abroad. At the same time it was an ideational position from which similar behaviour by other economic interests, either domestic or foreign, were criticised and, when necessary, from which the proposals of minority interests within the City were discredited. The way in which the major City business interests promoted their dominant economic position over time was based upon a successful connection between the economic reality and the ideas employed to justify City activity politically.

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1. The Increased Armaments Protest Committee, Empire, Trade and Armaments: An Exposure (1896). A pamphlet costing 2d.
 2. A modern, positivist, economic viewpoint is particularly close to the City's own public image of itself, the political and moral assumptions being masked by a pseudo-objective gloss. Such assumptions sometimes intrude unnoticed into the work of historians, for example, Robinson & Gallagher, op.cit., 210 & 251, refer to 'the energy of the British expansive economy' and 'the intrinsically neutral movement of commercial development and colonization'. P.J. Cain and A.G. Hopkins, 'The Political Economy of British Expansion Overseas, 1750-1914', Economic History Review xxxiii (1980), 481-3, use the term 'free trade' as if it had an ahistorical, unproblematical, economic meaning.

CHAPTER FIVE: 'POLITICS AND FINANCE'¹: MONOPOLIES, MINES,

LOANS AND RAILWAYS

. . . we may perhaps contend, without fear of contradiction, that the problems of politics tend every year to become more closely connected with practical questions of finance . . .²

In the last decade of the nineteenth century the Bankers' Magazine used the term 'revolutionary' in the context of 'politics and finance' to argue that British democracy resulted in the encroachment of politics into the arena of British economic activity.³ By contrast, supporters of political democracy in Britain described the 'revolutionary' aspect of the period as the intrusion of British finance upon politics.

the growing stake of our wealthy classes in countries over which they have no political control . . . it means a constantly growing tendency to use their political power as citizens of this State to interfere with the political conditions of those States where they have an industrial stake.⁴

The City admitted the interlocked relationship between state and finance in other countries,⁵ as it fitted in with the argument that British economic nationalism was a necessary response to the economic nationalism of other nations, but when referring to the British domestic scene the City emphasised the dangers of

1. The title of an article, BM 1895, 139.

2. Ibid..

3. Ibid., 142.

4. J.A. Hobson, Imperialism (1938), 357-8.

5. BM 1895, 141, did mention, for example, the Russian state's successful struggle to provide a loan to China.

state interference which might result from giving the vote to an ignorant electorate.¹

More recently it has been proposed that the term 'financial revolution' describes the process of change which the City underwent in the second half of the nineteenth century.² Essentially the change resulted from the rise of joint-stock companies, particularly the joint-stock banks, in association with the revolution in international communications and the creation of a huge foreign bill market with its associated brokers and discount houses.³ As a writer on the City in the 1870s remarked, a banker could not afford to ignore the bill market:

The wide significance thus given to bills of exchange as a necessity of trade, makes the discounting of such paper the first duty of a well-conducted bank, which must keep in view the principles of shortening credit, anticipating the payment of money, meeting the demands of commerce, and facilitating financial transactions.⁴

Most of the paper discounted was created by the activities of British merchants and the expansion of British trade during this period. It is not surprising

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1. BM, 1895, 141, particularly the discussion of bimetallism by agricultural electors 'who know as much about legal tender as about lunar geology'.
 2. de Cecco, *op.cit.*, 76.
 3. W.M. Scammell, The London Discount Market (1968), 160-1. Scammell includes the role of the Bank of England in his list of major changes, but this is because he is concerned with the period up to 1914.
 4. William Purdy, The City Life (1876), 67. Purdy gave a figure of £16.88m as the total acceptances of the metropolitan joint-stock banks in the early 1870s, *ibid.*, 68.

that wealthy merchants became specialists in the bill market as acceptance houses.¹ These merchant banks, as they became known, did not in fact claim to be bankers as they did not conduct deposit business and they continued to be involved in import and export.² They also specialised in the floating of foreign loans. It is almost impossible to distinguish between a very wealthy merchant and a merchant banker at this time. Wealthy merchants were in evidence on the boards of the large joint-stock banks³ and more in evidence than any other group, including bankers, on the boards of colonial, or exchange banks.⁴

These colonial, exchange or imperial banks were an important factor in the expansion of British commerce abroad.⁵ Most were originally formed under royal charter in the third, fourth and fifth decades of the nineteenth century, and quite a number failed in the 1866 crisis.⁶

1. Leaf, *op.cit.*, Ch. 7.

2. *Ibid.*, 186.

3. For examples, see below, p.244. Cassis, *op.cit.*, 51-2, table 1.8, gives examples for those houses which gained a place on the Accepting House committee as merchant bankers in the new century.

4. *Ibid.*, 75, table 1.14. The colonial banks included were limited to fifteen of which three were South American, 3 Australian and two Egyptian.

5. A.S.J. Baster, The Imperial Banks (1929).

6. E.W. Hamilton, Memorandum on Chartered Banks (1877). Those which dealt with foreign trade and survived the 1866 crash are: (with the year in which they received a charter) - Bank of Australia (1835), Colonial Bank (1836), Bank of British North America (1840), Ionian Bank (1844), Bank of South Australia (1847), Oriental Bank Corporation (1851, failed in 1884), London Chartered Bank of Australia (1852), English, Scottish & Australian Bank (1852), Chartered Bank of India, Australia & China (1853), Bank of Egypt (1856), Chartered Mercantile Bank of India, London & China (1857), London & South Africa Bank (1860, later amalgamated with the Standard Bank), and the Bank of British Columbia (1862).

Later banks were formed under the Companies Acts.¹ Banks with interests in Argentina and the River Plate trade such as the large and very profitable London and River Plate Bank, and the English Bank of the River Plate, were distinguished from other banks with South American interests (the English Bank of Rio de Janeiro, the London Bank of Mexico & South America, and the New London & Brazilian Bank) and other exchange banks in general by their carrying on business as London bankers.² None of these South American banking companies had received royal charters, and all of them had been established after 1860.³

The close interrelation of merchants and banking interests was reflected in the directorships which merchants held on the boards of the large joint-stock banks, the colonial or exchange banks, the large insurance companies, and the large discount houses.⁴ When referring to City finance of the late nineteenth century the role of

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1. The Standard Bank of British South Africa (1862), the Bank of Africa (1879). Many were also formed under colonial charter or under local laws, such as the Hong Kong and Shanghai Banking Corporation, most of the other Australian, Canadian and New Zealand banks. The Union Bank of Australia was a partnership.
 2. A distinction made by F.G. Hilton-Price, A Handbook of London Banks (1882).
 3. The 1880s was a time of massive influx of British capital into South America, by 1890 there was more British capital in the River Plate area than had been in the whole of South America ten years previously, David Joslin, A Century of Banking in South America (1963), 96.
 4. See overleaf.

Connections between Merchants, Insurance Companies, Banks,

Discount Houses and Other Companies

Insurance Co.	Merchant	Imperial Bank or trust	City Joint- Stock Bank or discount Co.	Other Companies
Guardian Fire/Life	J.J.Hamilton	South Africa Gold Trust	-	Gold Fields of South Africa
Universal Marine/ British & Foreign M.	W.J.Thompson	Africa Bkng. Corporation	National Discount	Transvaal L.M. & Fin.
	H.R.Grenfell	Nat.Mortg.& Agency Co.NZ	Bank of England	Peruvian Corporation
Phoenix Fire				
Sun Fire/ Life	E.Dent			
	A.Dent	Chartered Bank of IAC	London & Westmin.	British N. Borneo
Royal Exchange	W.Dunn	-	Parr's	-
	E.F.			
	Duncanson	Hong Kong & Shanghai B.	London & County	P & O
	N.Lubbock	Colonial Bank	-	Colonial Co.
Imperial Fire/Life	A.Lawrie	Bank of Australia	City Bank	NSW M.L. & Agency
	G.Chambers	-	-	Barbados Rlwy.
	H.B.T.	S.Africa L.	Parr's	B.S.A. Co.
	Farquhar			
Marine	J.Brand	-	-	British N. Borneo
	H.Mosenthal	-	-	-
Star Life	A.McArthur	Bank of Australia	City Bank	-
	T.M.Harvey	Bank of Africa	City Bank	Transvaal L.M. & Fin.
London Assurance	W.T.Brand	-	London J-S. Union Disc.	Central Montrose
	C.G.Arbutnot	-	Bank of England	-
	A.Sandeman	-	Bank of England	-
North Brit. & Mercantile	Q.Hogg	-	National Disc.	Demarara Rlwy.
	E.Gilman	-	-	Land Corp. of Canada
	C.N.Lawrence	-	-	Argentine Gt. W. Rlwy.
Ocean Marine	T.Bell	Natal Bank	-	Montrose Gold Mining
National Marine				

merchants must be considered as well as bankers and others.¹ As Sandeman declared when he was Governor of the Bank of England, the bankers and the merchants were associated in one great brotherhood and they all joined with the Bank of England in maintaining the resources which were necessary for carrying on the affairs of the Empire.²

The word 'finance' has been defined as the disciplined organisation of capital,³ and the role of the exchange or colonial banks had the same effect abroad as the amalgamation of the City and provincial banks had in England⁴, namely the lowering of discount rates to the City level⁵, or, to look at it another way, to connect distant business with the activities of the City. With the advent of regular fast steamship mail deliveries, and even more so with the telegraph, businessmen in the City could manage their affairs abroad directly and continuously.⁶

1. The Rothschilds referred to themselves as merchants at this time. The largest mining companies, such as Consolidated Gold Fields, also became as much involved in finance as production, R.V. Kubicek 'The Randlords in 1895: A Reassessment', The Journal of British Studies (1972) xi, 89.
2. Quoted in Ellis T. Powell, The Evolution of the Money Market, 1385-1915 (1915), 649.
3. Powell, op.cit., 258.
4. W.T.C. King, History of the London Discount Market (1936), 272.
5. The colonial banks were criticised abroad for this, Baster, op.cit., 138.
6. A good example of this in relation to Argentina has been provided by Charles Jones, 'Mercantile Diaspora, Technological Change and The Evolution of Argentine Dependence', a paper given to the Conference on the Diaspora of the British, organised by the Institute of Commonwealth Studies in July 1981. Scammel, op.cit., 164, suggests that the telegraph was superseding the foreign bill; and G.A. Fletcher, The Discount Houses in London (1976), 29, points out that the advent of the telegraph meant that a large proportion of foreign bills were finance bills drawn to take advantage of the international interest rate differentials.

This trend towards a greater control of world business by the City often coincided with the formation and maintenance of monopolies as we shall see, particularly when the state was involved in business affairs on the grounds of national interests.

The relationship between the state and finance had a number of aspects. The most evident was the domestic. The state was dependent upon the City for the successful management of its finance and sought advice beyond that of the merchant directors of the Bank of England before taking any action:

It is no use nowadays to attempt to take any financial step without giving the Brokers, which are such a powerful body an interest and without taking the financial 'big-wigs' into confidence.¹

The big-wigs were B. Currie of Glyn Mills (who had a place on the Treasury committee of the Bank of England), the Rothschilds, the Barings, and, for very important or very large operations, the large joint-stock banks.²

It has recently been suggested that this aspect of the relationship between finance and politics was purely technical in nature,³ but such a view ignores the fact that the action being contemplated by the state was to do business with the merchants, brokers and bankers who

1. Hamilton Diaries BL Add. MSS 48647, 7 Jan. 1888.

2. For examples of the Rothschilds and Barings being consulted see the following paragraph. For the joint-stock banks see *ibid.*, 48648, 4 Mar. 1888. Currie was considered by Hamilton to have the best financial judgement in the City and was often turned to, for example see *ibid.*, 48647, 18 Jan. 1888, and 48650, 4 Jan. 1889; see also p.199 above.

3. Yussef Cassis 'The British Imperial Economy 1890-1914', a paper given at the Institute of Commonwealth Studies, 14 June 1984.

constituted City finance. It would be perhaps oversimplifying the case to make an analogy with a customer asking the advice of a car salesman before buying a car from him, but the essential relationship was the same. Take for example the twin problems which faced the Treasury in January 1889, how to borrow the money for the expenses of converting the old Three Per Cent stock and how to place the Local Loans stock on the market.¹ The raising of money for the former would have been the responsibility of a syndicate formed by the Barings and the Rothschilds,² the arrangement for which had been made informally by Edward Hamilton³, but the Chancellor of the Exchequer was over-anxious about the possible reaction of Gladstone as leader of the opposition in the House of Commons⁴ and the two merchant financiers involved were a little too greedy⁵. However the Government could only turn to the City, and eventually it was to ask for tenders for £5m in Treasury Bills.⁶

The antagonism of the City could wreck government finances and reduce the range of possibilities open to them. This was demonstrated by the City's acceptance of Goschen's conversion scheme in 1888 even though the terms were less advantageous than those which the City had refused four years previously when proposed by a Liberal Chancellor of the Exchequer.⁷ Indeed, the lack of

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1. Hamilton Diaries, BL Add. MSS. 48650, 16 Jan. 1889.
 2. Ibid., 16 Jan. 1889.
 3. Ibid., 31 Jan. 1889.
 4. Ibid., 7 Feb. 1889.
 5. Ibid., 13 Feb. 1889.
 6. Ibid., 4 May 1889.
 7. Ibid., 48648, 14 Mar. 1888.

sympathy for Gladstone in the City was most pronounced and extended to the Directors' Parlour at the Bank of England, where, if Hamilton is to be believed, one director had told the wife of Gladstone's doctor that her husband should find some means of putting an end to the old gentleman, and another had declared his intention of sending the grand old man an undertaker's advertisement which asked why people went on living a life of trouble to themselves and others when they could be comfortably interred for three pounds.¹

The political importance of government expenditure meant that the relations between governments and the Bank of England, let alone the City at large, were not always harmonious. For three years under the second Salisbury government an attempt was made to reach an agreement with the Bank of England on a reduction of charges.² According to Hamilton, the Governor of the Bank stayed in office for an extra year in order to negotiate the agreement³ which was reached in the spring of 1892, when the Government's banking costs were reduced by about £50,000 a year.⁴ During the following summer, the Gladstone administration found that its borrowing requirements were higher than they had ever been before.⁵ In order to relieve some of the strain of the demand on the City some money was borrowed from the National Debt Commission.⁶ The government was still faced with a large amount however,

1. Hamilton Diaries, BL Add. MSS 48648, 31 Jan. 1888.

2. Ibid., 48657, 27 Feb. 1892.

3. Ibid., 27 Dec. 1891.

4. Ibid., 29 Mar. 1892.

5. Ibid., 48661, 11 Aug. 1893.

6. Ibid..

and not one director of the Bank was politically friendly towards the government.¹ Faced with a bank charge of 3.5 per cent on a proposed advance to cover the borrowing requirements the Chancellor of the Exchequer threatened, in order to knock off half a per cent, to take the government's account with its average balance of £5m to 'other people' in the City.² Such extreme behaviour serves to emphasise the lengths to which the state could be driven merely to obtain business terms approaching those which other customers, of far less means, enjoyed in the City.³

From a domestic point of view the State-City relationship was one in which the State was dependent upon City finance. The Bank of England was a private bank and had to keep an eye on its profits; it was even accused of hesitating in its role as a reserve bank on this account,⁴ and it became more commercially-minded from 1890 onwards.⁵ Early in 1890 it appeared to have secured control of all the balances of public and semi-public bodies which were large lenders, including the important India Council balances which had previously been used in daily and weekly market loans.⁶ It began to offer interest on these

1. Hamilton Diaries, BL Add. MSS 48661, 11 Aug. 1893.

2. Ibid., 20 Sept. 1893.

3. According to Hamilton, Welby of the Treasury wished to convict the Bank of extravagant charges in January 1892, and in September 1893 the Chancellor of Exchequer complained that the official rate was 4 per cent, the market rate was near 2.5 per cent.

4. R.S. Sayers, Bank of England Operations 1890-1914 (1936), 93.

5. de Cecco, op.cit., 99, citing Sir Henry Clapham, The Bank of England (1966).

6. King, op.cit., 303.

deposits, and in July of the same year it re-admitted the discount houses to rediscount facilities.¹ In 1899 it was said to have the monopoly of discount business in the City.² The big finance houses were now strong enough to force down interest rates to facilitate their flotation of foreign loans, or were at least accused of doing so³, and the attempts of the Bank of England to raise the interest rate in order to attract gold into the City so securing its reserve levels could be in exact opposition to the interests of the Government.⁴

It has been suggested that the advent of a state interest in foreign capital investments was symbolised by the purchase of the Suez Canal shares in 1875.⁵ The fact that the Rothschilds supplied the Disraeli Government with over £4m with which to buy the shares, well before Parliament voted the expenditure of such an amount⁶, certainly indicates the potential power involved in the close relations between City finance and the British state. It also indicates a long-standing interest in

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1. King, op.cit., 303; de Cecco, op.cit., 99.
 2. King, op.cit., 311, for the second half of the year only.
 3. Sayers, op.cit., 5. The criticism arose in the winter of 1889-90. The Bank of England, particularly in the early 1890s, was in a weak position in relation to the City as regards control of the interest or discount rate. Bertram Currie expressed this view to the Treasury early in 1891, Hamilton Diaries, BL Add. MSS 48655, 30 Jan. 1891, and the same conclusion was reached by Sayers, op.cit., 5-6.
 4. Hamilton Diaries, BL Add. MSS 48652, 1 Jan. 1890. The Chancellor was also afraid of being cornered by bill brokers when he wished to borrow, although this did not protect him from paying dearly, *ibid.*, 48654, 6 Nov. 1890. Harcourt complained of the jobbing and rigging of the market a couple of weeks later, *ibid.*, 23 Nov. 1890.
 5. Leland H. Jenks, The Migration of British Capital to 1875 (1937), 325.
 6. Powell, op.cit., 522.

Egypt by the Rothschilds who helped the state out of a number of difficult diplomatic constraints by the ready supply of finance, in exchange for which the state put business their way.¹

Finance also played an important role in international relations for European powers, both within Europe and in relation to imperialism. In 1887 France banned all new issues of Italian securities, following the renewal of the Treaty of Triple Alliance.² A tariff war ensued between France and Italy, and French banks ceased to honour Italian commercial bills, which in turn resulted in the German state encouraging German banks to form a syndicate to buy Italian securities and honour Italian bills. The part played by Hambros and Barings of London in this arrangement gained for them the privilege of first refusal on Italian state financial activity in the future, a position which had been held by the Paris Rothschilds earlier in the 1880s. The founding of banks crowned this mixture of finance and politics.³

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1. Powell, op.cit., 521-2, refers to the monthly advances of cash given in 1885 on the strength of a private note from the Chancellor and the later business of floating the £9m loan. See also Hamilton Diaries, BL Add. MSS 48660, 15 March 1893 and, *ibid.*, 48671 1 June 1897 on the conversion and dam contract.
 2. Herbert Feis, Europe the World's Banker 1870-1914 (Yale University Press, 1930), 236. Since the first signing of the Treaty in 1882, the German state had been arranging loans for Italy despite unfavourable market conditions, *ibid.*, 235. This paragraph is based upon *ibid.*, 233, 237-9.
 3. In August 1890 the Istituto di Credito Fondario was formed by a German syndicate headed by Bleichröder and the Deutsche Bank, and in 1894 the Banco Commerciale Italiano was founded at the urging of the German state. The German banks did not always respond unquestioningly to the dictates of the German state, they refused some of the demands made upon them, such as the taking over of two bankrupt Italian banks in 1893.

Financial relations between Russia and Germany provide further examples of the important role which finance played in international relations. In 1887 Germany, which had been a major subscriber to Russian loans, refused to accept Russian bonds as collateral, or rather Bismarck instructed the Reichsbank not to accept them.¹ What the Paris Rothschilds had lost in Italy they were to have the opportunity of recouping by financing loans to Russia, and within ten years the French came to possess Russian government and industrial securities worth in excess of 300m roubles. It was made clear to the Russians in 1887 that the assurance of continued political friendship was necessary if the financial facilities were to be expanded.²

In Britain, the Government could not instruct the Bank of England as to its policy because it was a private bank; still less could it give orders to the London Stock Exchange which was a completely independent association of individuals. This does not mean, however, that the British state was not concerned with finance in its international policy making. Many examples have already been discussed for the 1880s in the context of imperialism³, and examples of such a relationship were not limited to the Empire. The Peruvian default of the 1870s involved the British state first unofficially and then officially.⁴ The suspension of payments by Argentina in

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1. Feis, op.cit., 213.
 2. Ibid., 215.
 3. Ch. 2 above.
 4. Feis, op.cit., 106-7.

1891 were settled under the auspices of the Bank of England.¹

Regarding international relations in Europe, the British state could not ignore the relations between finance and politics. Apart from the situation in Turkey², Egypt³ and Persia⁴, the British state was to be found offering financial assistance to the Portuguese state in 1897 in order to avoid control of Mozambique passing to the Transvaal or a foreign power.⁵ In relations with Germany, Lord Salisbury attributed his position of strength to the success of the Russian loan floated in Paris in 1891.⁶ In Britain, therefore, finance and politics were as interrelated as in other European states, and although the state had no official structure through which it could order City finance to support its foreign policy, it did have close unofficial relations with City finance.⁷ The Treasury could indirectly negotiate with such finance houses by offering or withholding business opportunities with which it could reward support for its policies. In 1890, for example,

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1. Feis, op.cit., 108. Partly because it related to the Baring crisis.
 2. Ibid., et seq..
 3. Ibid., 382 et seq..
 4. Ibid., 361 et seq..
 5. Ibid., 250. This followed the default of the Portuguese government on payments of its railway bonds in 1892 after which the British Stock Exchange banned all dealings in the new securities, the British having nearly brought the Portuguese state to bankruptcy three years earlier over the issue of compensation to the Delagoa Bay railway company.
 6. Robinson & Gallagher, op.cit., 290-1.
 7. See p.250 above.

when the Rothschilds undertook the conversion of an Egyptian loan they wanted it to be inscribed at the Bank of England but the Bank would not agree without a hint from the state, which in this case was not forthcoming.¹

It is not surprising that this relationship was seen from outside the United Kingdom as one of close dependency. This occasionally produced results of a most undesirable kind. For example, in May 1891 the Russian Government, having unsuccessfully negotiated with the Paris Rothschilds for a conversion, threatened to take revenge by withdrawing £3-4m of gold from its deposits in London, a threat which sent the bank rate up to five per cent.²

Around the end of the 1880s there had been some attempt to reduce the more direct relations between the state and British finance abroad. The role of the Crown Agents was confined to British Crown Colonies and Protectorates only, and their offices were moved from the Treasury to the Colonial Office Buildings.³ There was an attempt to modify the responsibilities incurred in charters which had been granted earlier in the century to colonial or imperial banking companies⁴, and the Treasury had declined to advise that royal charters be issued for banking companies for quite a number of years.⁵ During

1. Hamilton Diaries, BL Add.MSS 48653, 24 May 1890.

2. Hamilton Diaries, BL Add.MSS 48655, 24 May 1891.

3. Kesner, op.cit., 312.

4. Following the 1879 Companies Act, the Disraeli administration sought to legislate such a change in the form of the Chartered Banks (Colonial) Bill 1880. The bill was not passed before the dissolution of the government, but a Model Charter scheme was formulated by the incoming Liberal government, Baster, op.cit., 131-6.

5. Hamilton Diaries, BL Add.MSS 48651, 30 July 1889.

the 1880s, however, the Queen granted charters to five companies, one of which called itself a banking company.¹ It is not surprising that foreign governments tended to equate the activity of the British state with the interests of City finance

Perhaps the most prominent example which highlights the close relationship between the British state and City finance, including both the domestic and foreign aspects of the structure, was the Baring crisis in 1890. Faced with the possible crash of a major financial house (as a result of a revolution in the Argentine Republic) which in turn would probably have caused a general run on the banks in the City, the Governor of the Bank of England and the Chancellor of the Exchequer had a long discussion² and agreed upon the necessity for gold to be supplied to the Bank from abroad. According to Hamilton, the Rothschilds were involved in arranging for the gold to be sent from Russia and from the Bank of France.³

The roundabout way in which the Treasury provided for the issuing of Treasury Bills to the Bank, the only form of security the Bank of France would accept for its £2m of gold, is a lesson in the dexterity of state finance and its close relations with City finance. The Treasury issued the Bills to the Bank by nominally raising £2m from the Bank by Treasury Bills and used the proceeds of the sale to pay off an equivalent amount of the temporary loan

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1. The British North Borneo Co. in 1882, the Royal Niger Co. in 1886, the Imperial East Africa Co. in 1888, the British South Africa Company in 1889, and the Imperial Bank of Persia in the same year.
 2. Hamilton Diaries, BL Add.MSS 48654, 10 Nov. 1890.
 3. Ibid..

which the Treasury had from the National Debt Commission or Redemption account. The Commission then used this money to buy Consols from the Bank at the certified price of the day. Thus the Bank got Bills in lieu of Consols and the Commission obtained Consols at a very favourable price in lieu of the temporary loan to the Treasury.¹

The Government was not prepared to guarantee the Barings directly², but was willing to suspend the Bank Charter Act if necessary.³ It was left to the Governor of the Bank of England to arrange a guarantee fund by calling together all the very wealthy men of the City and setting up a joint guarantee for the £4m necessary to make the liquidation of the Baring estate, rather than bankruptcy, viable.⁴ It is not clear just how legal the whole operation was⁵, but within less than a week the guarantee had amounted to nearly £10m.⁶

The government did not necessarily relish the close relations it had with the City, as it was constantly faced

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1. Hamilton Diaries, BL Add.MSS 48654, 12 Nov. 1890.
 2. Ibid., 11 Nov. 1890. The Governor of the Bank, Lidderdale, wanted the Government to put up £1m, the same amount as the Bank was contributing to the guarantee.
 3. Ibid., 12 Nov. 1890. This expedient which allowed the Bank to suspend cash payments was used on a number of occasions in the nineteenth century, de Cecco, *op.cit.*, 82.
 4. For a detailed account of the crisis see de Cecco, *op.cit.*, 88-97. The way in which de Cecco emphasises the distinction between an 'inner Sanctum' and the joint-stock banks is to ignore the fact that most of the inner group were directors of the joint-stock banks.
 5. Hamilton in his diaries thought that the Bank of England might have difficulties in justifying its action to its shareholders, BL Add. MSS 48654, 12 Nov. 1890. The question for the joint-stock banks was whether their involvement was legal.
 6. Ibid., 17 Nov. 1890.

with the possibility of criticism in Parliament if it became too obviously allied with the City, while also being in danger of equally important criticism if it did not maintain its established obligations to the City. In 1877 Hamilton had prepared a long memorandum on the need for the state to retreat from its obligation to the chartered banks. He had argued that it was 'a generally accepted theory' that it was desirable for the government to avoid interfering with private enterprise and mercantile speculations, and that it was 'equally acknowledged' that the government should do nothing which could have the appearance of giving 'a select few of a class' an advantage over their fellows.¹ A decade or so later he was engaged in hiding just such widely deprecated behaviour from the public.

The proposed grant of a charter to the Imperial Bank of Persia had a provision in its Deed of Settlement whereby £200,000 out of the capital would go to Baron G. de Reuter in payment for the concession which he had obtained from the Shah in order to cover his expenses, probably bribes. The Cabinet felt that the Treasury could not ratify such a large sum. As Hamilton complained, 'People like Solicitors and Stockbrokers wholly fail to appreciate the Parliamentary difficulties which such a proposal might involve.'² By a fortunate coincidence the prospectus for the Bank of Persia, which had been fully underwritten by first class City houses according to

1. Memorandum on Chartered Banks (1877), 22.

2. Hamilton Diaries, BL Add. MSS 48651, 13 Aug. 1889.

Hamilton,¹ was not to be issued until Parliament had been prorogued.² Reliance upon such coincidences demonstrates the distance between the realities of the City backed enterprise, which the state was supporting, and the arena of debate in which the activities of the government were justified. The following sections of this chapter provide further examples of the tension-filled, but close, relationship between finance and politics.

East India and China Trade Section

The best example of the relationship between state and finance in the sense of loans is provided, as it was in the previous decade, by events relating to British interests in the Far East. As in other trade sections of the London Chamber of Commerce, all the major banks with interests in the area were represented by members of the East India and China trade section who attended meetings regularly. Matheson, Keswick, Macandrew (all three of Matheson & Co.),³ Paterson, Gilfillan, Scott, and Richardson were the most regular members. Macandrew's membership of the community of City finance in the 1890s was indicated by his chairmanship of the National Bank of New Zealand, and his place on the board of the National Mortgage Agency of New Zealand.⁴ William Keswick had

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1. Hamilton Diaries, BL Add. MSS 48651, 13 Aug. 1889.
 2. Ibid., 21 Aug. 1889.
 3. Apart from their connections with Jardine Matheson, and the Hong Kong & Shanghai bank, Macandrew and Keswick were both directors of the Indo-China Steam Navigation Co..
 4. Magniac had been involved in both of these companies, it is likely that there was a permanent connection between them and the Matheson firm. Macandrew was also a director and later chairman of the Berne Land Co..

directorships in a number of mining companies at the end of the decade. In terms of banks, apart from being chairman of the Hong Kong & Shanghai bank London committee, Keswick was also chairman of the Imperial Bank of Persia.¹ Thomas Scott, the East India merchant with particular interests in Singapore, was a director of the Chartered Mercantile Bank of India, London & China and was on the board of the Bunti Tin Mining Syndicate. William Paterson, also a member of a firm which had predominantly Singapore interests (Paterson & Simons), was a director of the other big eastern bank, the Chartered Bank of India, Australia & China. He was also still chairman of the London, Paris and American Bank². S. Gilfillan of Adamson, Gilfillan & Co. was no stranger to finance, having founded the prosperity of the Borneo Co. branch in Siam through his activity as an accredited agent of Lloyd's³ and the banking business of the company.⁴

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1. The link between the Hong Kong & Shanghai bank and the Imperial Bank of Persia continued until the merger of the two concerns in 1960, for their relations see the introduction by David McLean to Frank H.H. King, Eastern Banking (1984). Keswick was also a director of the Trust & Loan Co. of China, Japan, & the Straits around 1890, and of the British & China Corporation from its formation in 1898. Regarding the Imperial Bank of Persia, it is worth noting that Baron de Reuter was elected to the Council of the London Chamber of Commerce in 1893.
 2. He also became chairman of the Thames & Mersey Marine Insurance Co., he was a director of Pahang-Kahang, and in the mid-decade a director of the Eastern Mortgage & Agency Co..
 3. Henry Longhurst, The Borneo Story (1956), 44.
 4. The Hong Kong & Shanghai bank did not open a branch in Siam until 1888 when it took over the account of the Borneo Co.. It also had the account of the Burma Bombay Trading Co., Collis, op.cit., 91. In the last decade of the century, Gilfillan was a director of the Sungei Ujong (Malay Peninsular) Railway Co..

J.W. Richardson was a partner in the firm of Richardson, Bradley & Co. which had its main interests in Swatow.

At the end of the 1880s an organisation, which had committees in both Shanghai and Hong Kong, was formed to represent British interests in China, the China Association.¹ The general committee was formed of businessmen who occasionally attended the East India & China section of the London Chamber, and from the early 1890s onwards it was chaired by William Keswick.² The section of the London Chamber played a senior role to the China Association. The latter officially approached the section for support on a number of occasions³, and sometimes officially informed the section of events which demanded action.⁴ Unofficially, the members of the association being also members of the trade section, there was constant communication between the two groups. It would seem that the London Chamber of Commerce was officially brought into play when the China Association found difficulty in influencing the government on its own.⁵

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1. Nathan M. Pelcovits, Old China Hands and the Foreign Office (New York, 1948), ix.
 2. Ibid., 160. The Association pulled together many of the former leaders of the Shanghai and Hong Kong Chambers of Commerce, as well as all the directors of the Hong Kong & Shanghai bank. Its first chairman was Sir Alfred Dent.
 3. For example, EICMB 9 June 1891, 21 Nov. 1892, 21 Dec. 1893, and 30 Aug. 1894.
 4. For example, the fact that Russia had taken Port Arthur, EICMB 29 March 1898.
 5. Pelcovits accepts the close association between the Association and the FO, though the thesis of his book is that "there existed a fundamental clash between mercantile and official attitudes on British policy towards China", Pelcovits, op.cit., vii.

An example of the close contact between the two groups was given when Sir John Pender¹ attempted to gain an advantageous position in China for his telegraph company, which the bankers, merchants and shippers feared would result in persistently high charges for them.² Sir Philip Currie at the FO would not supply the City businessmen with a copy of the Chinese Telegraphic Convention without Pender's permission, which was not given. The trade section wrote to Sir Philip Currie again asking what could be done.³ By the spring of 1890, no copy had been obtained so Sir John Lubbock was then prompted to put a question on the matter in the House of Commons.⁴ The eventual suspension of the ratification of the Convention has been described as a victory which gave such prestige to the China Association that no Anglo-Chinese affairs were solved without its intervention from that time onwards.⁵

The fact that membership of the Association and the trade section overlapped to a great extent makes it difficult to distinguish, where unofficial communications were concerned, between action taken for individual firms, the trade section or the Association.⁶ For example, when the trade section met to consider a telegram from the

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1. Sir John Pender MP was involved in at least ten telegraph companies.
 2. EICMB 22 Nov. 1889.
 3. EICMB 17 Dec. 1889.
 4. EICMB 17 Apr. 1890.
 5. Pelcovits, *op.cit.*, 162.
 6. Pelcovits knew little of the workings of the London Chamber of Commerce, he thought Keswick was chairman of the Council of the Chamber, *ibid.*, 161. Keswick was elected to the Council in 1892 for a number of years, and was chairman of the trade section after Matheson died in 1897.

Shanghai Chamber of Commerce warning that the cable companies were again trying to ratify the Chefoo Telegraph Convention, Sir Alfred Dent attended to confirm that the FO had instructed the British minister in Peking to leave the matter in abeyance.¹ The main point is that, as with British interests in other parts of the world, the state departments and ministers were in official and unofficial communication with the major businessmen involved, and that these businessmen rapidly acquired information which was used by one or other of the organisations to which they belonged.

Since the formation of the trade section Matheson had been advocating the entry of British business into the interior of China on the grounds that it would provide the largest possible market for British enterprise.² What was envisaged was control of the trade of the country. The section had already dropped the idea of a railway from Burma as it was desirable to keep the trade flowing to the coast where British interests were well-established, and attempts to gain access to the existing interior trade routes, the rivers, had been partially successful.³

In 1895 other countries appeared to be achieving success where British business had not. The Japanese, having beaten the Chinese militarily, negotiated a treaty

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1. EICMB 23 Nov. 1891. He had received the information in a letter from the FO.
 2. RMB 2, Council meeting 12 Nov. 1885.
 3. Access to the Yangtse had already been conceded, EICMB 11 Dec. 1888, and pressure for entry into the West River was maintained, *ibid.*, 21 Dec. 1893, the section giving support to the requests of the Hong Kong Chamber of Commerce and the China Association. See also *ibid.*, 30 Jan., 8 July & 25 Nov. 1895.

which gave them access to the upper Yangste¹, and the Franco-Chinese treaty of the same year appeared to put the French in a strong position regarding the building of railways.² The French were already feared because of their increasing influence in Siam.³ Indeed, Paterson accused them of breaking every promise they made⁴, and later warned that Siam was rapidly becoming French.⁵

The section formed a subcommittee to consider the Franco-Chinese railway treaty⁶, demonstrating the ability of the section to bring important businessmen together on an important issue at short notice. In fact, it was under the official auspices of the China Association that

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1. When the section knew of this they pressed the British government for equal rights, EICMB, 22 July 1897.
 2. Ibid., 8 July 1895.
 3. Ibid., 30 Oct. 1893, the section asked that British consuls be appointed where French consuls had been placed. The Franco-Siamese treaty was considered again in the following month, *ibid.*, 21 Dec. 1893, and a memorial worded by a subcommittee composed of Annan Bryce, P.D. Thomson, Sir Andrew Clarke, J.M. Ryrie and A. Currie was approved and sent to Lord Rosebery in the new year, *ibid.*, 8 Feb. 1894. In the summer the British government was again urged to keep its attention on events in Siam, *ibid.*, 11 July 1894. All chambers of commerce in the U.K. were circulated that it was time to approach the FO again, *ibid.*, 30 Aug. 1894. The reason for opening a branch of the Hong Kong & Shanghai Bank in Siam in 1888 had been because the British Legation had wanted to forestall a French bank, Collis, *op.cit.*, 89.
 4. EICMB 8 July 1895, again a subcommittee was formed of the same people with the addition of S. Gilfillan.
 5. Ibid., 25 Nov. 1895. In 1897 two of the four men proposed as consular representatives by the section were appointed in Siam, CMB 2, 9 Jan. 1897. In 1899 the French negotiated a loan for Siam and French officials were appointed in the country, a letter to FO, EICMB 13 June 1899.
 6. EICMB 8 July 1895. The subcommittee consisted of Matheson, Gwyther, E. Dent, Keswick, Macandrew, Annan Bryce, E. Iveson, E. Pandorff, J.W. Maitland and P.D. Thomson.

Keswick had an interview with Lord Salisbury later in the year.¹ Keswick had suggested at an informal meeting of the Association that the time had come to go to the FO in order to ask for clarification of the government's far eastern policy.² T.H. Whitehead, the branch manager of the Chartered Bank at Hong Kong, had telegraphed The Times in October 1895 that Russia had achieved a secret agreement with China for the occupation of Port Arthur;³ news which, when The Times published it, was described as false by Lord Salisbury in his Guildhall speech. At his interview with Lord Salisbury, Keswick told him that the waterways were preferable to a railway from India, as they were cheaper and would draw a greater proportion of commerce towards Shanghai. Salisbury reassured him that the opening of the West River was already receiving attention from the government. The main point put by Keswick was that the Yangtse was the most important area for British business with China, as it was the richest and most vulnerable portion of the country. Keswick stressed the fact that it also gave access to the extensive western provinces, notably Szechuan.

The main advantage of the Sino-Japanese war, for the City, was the placing of loans to China to help repay the

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1. EICMB, 25 Nov. 1895. The section's subcommittee decided not to act once Lord Salisbury had accepted the request from the China Association.
 2. This and all information on the interview with Lord Salisbury which was recorded in the minute book of the China Association is taken from Pelcovits, op.cit., 183-9, unless otherwise noted.
 3. Sir Edward Compton Mackenzie, Realms of Silver (1954), 181. The Times, 25 Oct. 1895, 5.

war indemnity to Japan. At the outbreak of war in 1894, Sir Robert Hart approached the Bank of England on behalf of the Chinese Government for a loan of £6m, but was refused on the grounds that the transaction was speculative and therefore a request from the FO was necessary.¹ The Hong Kong & Shanghai bank was the only institution which would advance money to China during the Sino-Japanese war of 1894-5,² but it was not successful in its bid to float the whole of the Japanese indemnity.³ Russia, with French assistance, secured the first indemnity loan of about £16m at four per cent.⁴

Within weeks of this loan being organised, the Hong Kong & Shanghai bank had reached an agreement with the Deutsche-Asiatische Bank for financial co-operation in China.⁵ The Hong Kong bank had opened a branch in Hamburg in 1889 as the German merchants, the principal of which

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1. Mackenzie, *op.cit.*, 203.
 2. King, *Eastern Banking*, 3.
 3. Collis *op.cit.*, 68. Just how anxious the Hong Kong bank was to succeed in its bid to take a major share in the first loan might be questioned in view of the fact that two-thirds of the issue of its £3m silver 1895 loan were left in the underwriters' hands, Mackenzie, *op.cit.*, 203.
 4. FO 233/120 No. 96, the syndicate was composed of: M.M. Hottinguere & Cie., La Banque de Paris et des Pays Bas, Le Credit Lyonnais, La Société Générale pour favoriser le développement du commerce et de l'industrie en France, Le Comptoir National d'Escompte de Paris, La Société Générale de Credit Industriel et Commercial, La Banque Internationale de Commerce à St Petersburg, La Banque d'Escompte de St Petersburg, La Banque Russe pour le Commerce Etranger, La Banque de Commerce de Volga-Kama. According to Hamilton's Diaries, BL Add. MSS 48664, 13 June 1895, the French as well as the English Rothschilds stood aloof from the loan "ostensibly on the ground that this (U.K.) country has been left out in the cold."
 5. In July 1895, David McLean 'British Banking and Government in China: the FO and the Hong Kong & Shanghai Bank 1895-1914' (Cambridge University, Ph.D., 1973), 30 (henceforward, 'British Banking in China').

was the Siemsson firm, wanted to send their remittances to Hamburg direct, and it was feared that the newly-founded Deutsche-Asiatische bank might get the business.¹ The German government had been active in the establishment of the Deutsche-Asiatische Bank and all the large German banks, including the Prussian State Bank - the Seehandlung, held shares.²

Preliminary discussion for the second indemnity loan began in November 1895.³ The Chinese looked around for better terms.⁴ When another British backed company, the Ottoman Bank, considered tendering for the loan, it was told by Bertie of the FO that the Chinese were engaged in trying to beat down the costs of the Hong Kong bank's offer, and so the Ottoman Bank lost interest.⁵ The preliminary agreement for the second indemnity, which was to go to the Hong Kong bank and the Deutsche Asiatische, was settled in the spring of 1896.⁶ The London manager of the Hong Kong bank, Ewen Cameron, managed to get the whole of the loan, including the £8m which constituted the German bank's share, inscribed at the Bank of England despite intitial opposition from Hicks-Beach, the Chancellor of the Exchequer.⁷ Lord Salisbury, no doubt recalling the interview he had had with Keswick three

1. Collis, op.cit., 107.

2. Feis, op.cit., 437.

3. For details of the joint-proposal put forward by the two banks, see FO 233/120 no. 97, 23 Nov. 1895.

4. For the arguments of China against the offer, see FO 233/120, no. 101.

5. McLean, 'British Banking in China', 31.

6. 7 March 1896, ibid., 34.

7. Ibid., 34-5. It is not clear how he managed this. Hicks-Beach had refused to communicate with the Bank of England unless Lord Salisbury pressed him on political grounds.

months earlier, gave instructions that the Chinese should be pressed on the question of opening up the West River to foreign trade as part of the deal.¹

On the Russian side, offers of money were connected to the construction of railways from the Siberian line into Manchuria and from Peking to Hankow. Fears of such concessions were heightened in Britain during the competition for a third indemnity loan during 1897.² Events moved quickly at the end of the year when Germany occupied Kiaochow and the rumour that Russia had offered a guaranteed loan of £16m was confirmed. Cameron informed Bertie that only a loan guaranteed by one of the European powers would have any possibility of success in the existing state of uncertainty.³ In case there was any lack of understanding in political circles that the City considered the situation uncertain, the secretary of the China Association had written to Bertie the day before Cameron wrote and Grundy had explained that he was calling a meeting of the Association's committee 'in order to obtain an official pronouncement of the increasing anxiety which is felt regarding Eastern affairs'⁴. In arguing for the support of the British state for the loan, Cameron stressed the relationship between the political and business advantages to be derived from such action:

The move would be popular in this country, and our prestige and authority in China would be beyond dispute and our commerce safeguarded proportionately.⁵

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1. McLean, 'British Banking in China', 35
 2. The whole of this paragraph is based on McLean, 'British Banking in China', 35-7.
 3. FO 17/1330, 359, Cameron to Bertie, 23 Dec. 1897.
 4. FO 17/1330, 352, China Association to Bertie, 22 Dec. 1897.
 5. Cameron to Bertie, 23 Dec. 1897, op.cit.; also quoted in McLean 'British Banking in China' 37.

The president of the China Association, Lord Loch, dispelled any doubts that the Parliamentary Under-Secretary at the FO, George Curzon, might have had about the extent of support which existed amongst the businessmen with interests in China for such a loan, a week or so later.¹

Edward Hamilton was given the job of devising a scheme which was to be presented to the Cabinet.² Hamilton was working on the idea of a direct state to state loan which Hicks-Beach had proposed.³ Such a project would have been an unprecedented example of the intermeshing of finance and politics in Britain, and not without some domestic opposition as Hamilton noted, 'It is a new departure to lend money to foreign, tottering states, and there will be plenty of reminders that charity begins at home.'⁴ Hicks-Beach even wanted to make a profit for the state out of the effect which the announcement of the loan would have had on the Stock Exchange. He suggested that the state buy up Chinese stock before news of the loan pushed up their price, and then sell them at a profit afterwards.⁵ Attached to the loan itself was a list of conditions, at the head of which was the opening up of the inland communications of China to foreign

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1. Pelcovits, *op.cit.*, 212. There was to have been a deputation later but events moved too quickly.
 2. Hamilton Diaries, BL Add. MSS 48670, 31 Dec. 1897.
 3. McLean, 'British Banking in China', 40.
 4. Hamilton Diaries, BL Add. MSS 48672, 2 Jan. 1898.
 5. *Ibid.*, 6 Jan. 1898. Hamilton felt that he would have to resign if this suggestion were taken up, regardless of whether it was legal or not.

trade.¹ By this time, however, Cameron had been told that a guaranteed loan was quite out of the question as Lord Salisbury felt that the House of Commons would not contemplate such a move.²

Hicks-Beach was imagining that the inter-state loan would be seen as a coup on the lines of the purchase of the Suez Canal shares, and that Britain should obtain secretly, independent of the Hong Kong bank, a position of equal predominance to that acquired when the Suez deal was brought off.³ Cameron had pointed out that the Chinese wanted to buy ships and guns in order to strengthen their position in the world,⁴ and, the Chinese minister in London having been instructed to apply for a British Government guarantee for the loan⁵, the Chinese were offered a £16m loan provided that a proportion of it were spent either in liquidating an old loan of high interest or in paying British contractors for ships and guns.⁶ In either case British business would profit doubly. Hicks-Beach was vigorous in his public declarations of the significance of the situation in China and the importance

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1. Hamilton Diaries, BL Add. MSS. 48672, 6 Jan. 1898. Lord Salisbury had consulted O'Connor about possible conditions and three definite demands had been listed - the opening of inland communications, the admission of foreign salt, and the retention of Sir Robert Hart at the customs. The possibility of some territorial concessions as collective security was also mooted, as it had been at Loch's interview with Curzon, Pelcovits, op.cit., 212.
 2. FO 17/1330, 360, Bertie to Salisbury, 23 Dec. 1897. It is interesting to note that the communication was to be made verbally, a point which Bertie underlined when asking for Lord Salisbury's opinion.
 3. McLean, 'British Banking in China', 41.
 4. Hamilton Diaries, BL Add. MSS 48672, 22 January 1898.
 5. McLean, 'British Banking in China', 41.
 6. Hamilton Diaries, BL Add. MSS 48672, 25 Jan. 1898.

of British business interests there. As he informed the Swansea Chamber of Commerce:

We did not regard China as a place for conquest or acquisition by any European or other power. We looked upon it as a most hopeful place of the future for the commerce of our country and the commerce of the world, and the Government are absolutely determined, at whatever cost, even - and he wished to speak plainly - if necessary at the cost of war, that the door should not be shut.¹

This was a sentiment which the London Chamber of Commerce applauded wholeheartedly.²

War had been the origin of the loan, war was partly the aim of raising the loan, and war was threatened if the loan was refused. As Hamilton noted in his diary, China was between the Russian 'devil' and the British 'deep blue sea'.³ The Russians had threatened to invade China if the British loan was accepted. At the end of January the Chinese refused both the Russian and British loans.⁴ Lord Salisbury insisted that British banks were to have a share of any loan secured by European financiers.⁵ The Hong Kong bank negotiated an agreement with the Chinese Government in mid-February for a £16m loan, split equally with the German bank. Cameron was confident that he could find underwriters for the £8m in the City; this was not surprising in the wake of the Chancellor of the Exchequer's declaration that the government was willing to go to war for British business interests in the country. This same Chancellor of Exchequer balked at instructing

1. This was reported in the CCJ Jan. 1898.

2. Ibid..

3. Hamilton Diaries, BL Add. MSS 48672, 25 Jan. 1898.

4. McLean, 'British Banking in China', 44, the source for the rest of the paragraph.

5. 5 Feb. 1898, Pelcovits, op.cit., 214.

the Bank of England to inscribe this new loan, preferring the suggestion to originate in the FO which was better able to justify the action on political grounds.¹

The trade section of the London Chamber was engaged in providing arguments for George Curzon to use.² At the end of March, Curzon was informed that ninety per cent of trade with China was in the hands of British merchants who were alarmed by the possibility of Russia and France instituting protectionist policies in north and south China respectively.³ In the same month a resolution was passed by the ACCUK on the topic, and a couple of months later the London Chamber provided representatives to take part in a deputation organised by the ACCUK.⁴ Whether such action was organised after specific discussion with the Government ministers on its necessity, as had happened in the previous decade, or merely as an accepted habit in order to facilitate state support, is of no real importance for the relationship between financial and political interests was so close at this time.

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1. The Rothschilds also wanted the loan issued by the Bank of England, Hamilton Diaries, BL Add. MSS 48672, 11 Mar. 1898. The Chancellor of the Exchequer refused, according to Hamilton, because the Bank was seen as a 'semi-state bank' and if the loan was issued by the Bank it would seem as if the Government were 'standing behind the financiers'.
 2. A letter from the China Association had stimulated the section into preparing its views and requesting a meeting with the Under Secretary of State for Foreign Affairs, EICMB 29 Mar. 1898. To achieve this a committee was formed, composed of Rollit, Keswick, Gilfillan, D. Cruickshank (Begg, Dunlop & Co.), J.N. Stuart (Alexander Lawrie & Co.), W.G. Gullard (Paterson Simons & Co.), Coke, Macandrew, Gwyther, Annan Bryce, W. Adamson (Adamson & Gilfillan) and Auchenloss (Eastern Mortgage & Agency Co.).
 3. In fact the deputation went to the House of Commons whilst Curzon was waiting for them at the FO, but Rollit presented him with the statement later, EICMB 29 Mar. 1898.
 4. EICMB 14 June 1898.

In 1896 Lord Salisbury had not been slow to remind the Chinese Government that having the loan inscribed at the Bank of England was an unusual favour which could only be granted at the express request of the British Government and that the effect of the action would be to raise the value of the loan in the market, materially improving the credit of China. What he required from the Chinese in return was the rapid opening of the West River and other conditions.¹ Although Salisbury insisted that the inscription of the loan at the Bank would not have been done except to oblige China,² it is easy to see the whole affair from the point of view of yet another successful piece of business completed by the Hong Kong bank with state backing. After all, the British Government was asking for attached conditions which were primarily of a business nature.

It has been suggested that the relationship between British politics and City finance in China, in the last decade of the century (and beyond), was primarily a case of the FO using financial enterprise to achieve political ends,³ or a mutual dependency which nobody wanted.⁴ Such a view would seem to ignore the City's point of view, that state support meant successful business, and while the relationship was not always harmonious, it was a much sought after, common element in late nineteenth century finance.

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1. FO 17/1279, 53 telegram from Salisbury to Beauclerc, 26 Mar. 1896.
 2. Ibid., 61 telegram from Salisbury to Macdonald, 28 April 1896.
 3. David McLean 'Finance and "Informal Empire" before the First World War', Economic History Review xxix (1976), 301.
 4. King, Eastern Banking, 3.

In the City's eagerness to obtain control of, or profit from, the internal trade of China, the construction of railways was to play an important part. The proposals for a Yunnan Railway System put forward in 1895 provides a good example of the arguments used to encourage such a take over. At the forefront of the reasons presented was the suggestion that, as the Chinese Government was to receive a proportion of the profits, the financial credit of the government would increase; an advantage which the City was not slow to appreciate. The railway would also offer strategic advantages, troops being able to move quickly around the country and at a twenty-five per cent discount. The rice tribute, it was argued, would arrive in good condition if carried by rail, and could be rapidly distributed in time of famine. To the objection that the construction of the railway would increase foreign influence, the proposers boldly answered that this was wholly erroneous, and cited South American countries as examples of railways built with British capital where 'they have never attempted to exercise political influence thereby'.¹

The construction of a convincing argument with which to persuade the Chinese to accept British railways had been undertaken by the British government in 1886. The India Office had been asked to provide a report of the benefits of the railways in India in the past, in order to facilitate the introduction of steam locomotives into China.² The Chinese were slow to adopt the invention, and

1. FO 233/120 no. 106, 14 Dec. 1895.

2. FOCP 405/41 no. 80, P. Currie to Godley.

so pressure of a somewhat stronger nature than arguments had to be brought to bear. When Li Hung Chang visited London in 1896 in order to request an increase of 5 per cent ad valorem on the import and export duty of China, the chamber of commerce in the City had no doubt about what the FO should demand in exchange for such an agreement, the opening up of China 'to the influence of European progress and to the introduction of those appliances of Western civilisation of which China is so destitute'.¹

The Anglo-German syndicate, which had been formed in 1898 to float the third indemnity loan for China, transformed itself during the year to include the possible construction of railways north of the Yangtse.² Jardine Matheson and the Hong Kong & Shanghai bank together formed the British & Chinese Corporation which, with the help of the Rothschilds (for which Alfred received an Order of the Crown First Class from the Kaiser), reached an agreement with Germany; the spheres of interest for the railways being defined by the financial groups, not by diplomats.³ The contract for the Northern Railways Extension loan was signed in October 1898, the British government having allowed the businessmen to put in the prospectus that it had noted the assurance of the Chinese Government's guarantee.⁴

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1. CCJ July 1896. The China Association and the East India & China trade section had arranged a reception and dinner for Li Hung Chang, EICMB 22 June, 27 July and 7 Aug. 1896.
 2. McLean, 'British Banking in China', 46.
 3. Ibid., 56.
 4. Ibid., 63-4.

In the same year that William Keswick became chairman of the East India and China trade section in the City, he also became one of the principal directors of the British and Chinese Corporation which was to lend £6m in the first four years of its existence.¹ At the end of 1898², the trade section could only express satisfaction at the performance of the government regarding events in China. The ratification of the railway administration had already taken place, and the section was assured by Keswick that other negotiations were proceeding favourably.³ Keswick repeated his satisfaction at the government's behaviour in protecting British interests in China at the spring meeting of the ACCUK in 1899.⁴

The West Africa Trade Section

In the Niger region the Royal Niger Company continued to carry out its dominant economic and political role. For example, it was Goldie who set up the Anglo-German negotiations in 1893 with Ernst Vohsen, who represented the commercial and financial interests of the Hamburg region.⁵ In West Africa as a whole, however, the large capital of the British shipping interests was beginning to

1. Collis, op.cit., 72.

2. The section had been involved in two deputations earlier in 1898, EICMB 29 Mar., and 14 June 1898.

3. EICMB 20 Dec. 1898. The section had by this time established a number of subsections, this was a meeting of the China, Japan, and Straits Subsection.

4. CMB 2, 12 Jan. 1899, a letter was also sent to the FO from the London Chamber expressing their satisfaction. To what extent these eulogies on the government's actions were a result of Lord Salisbury's request to the China Association in the summer of 1898 for a 'definitive expression of City opinion' Pelcovits, op.cit., 236, is open to speculation.

5. Flint, op.cit., 181.

consolidate its importance literally through amalgamation. The successful demand for a House of Commons inquiry into the administration of the Royal Niger Company in 1888 left Alfred Jones of Elder, Dempster & Co. boasting of his influence at the F.O.¹

Elder Dempster obtained management of the Africa Steamship Co. of London in 1890, which gave Jones a monopoly of the main British shipping lines to West Africa.² The three-cornered struggle between the shipping companies, the R.N.Co., and the Africa Association underwent a series of changing alliances and agreements which finally resulted, in 1893, in an agreement between Goldie and Jones for a long term shipping contract³, and a subsequent agreement between Goldie and the Africa Association whereby the latter sold out their Niger interests and withdrew from the interior.⁴ Goldie had already secured a monopoly of the Niger and Benue, but the shipping interests were just beginning to exercise the advantages of their monopoly.

Monopolies, unless backed with very strong state support, were vulnerable to competition from businessmen with larger financial resources at their disposal, who could afford to buy out the monopoly-holder or undercut prices for a longer period than the monopoly-holder. John Holt of the Africa Association wanted to challenge the shipowners control in West Africa. Shipowning had become

1. Gertzel, op.cit., 362.

2. Davies, op.cit., 86.

3. Ibid., 92.

4. Gertzel, op.cit., 489.

a very expensive business by the last decades of the century, and although Holt had managed to persuade the wealthy firm of Miller Brothers to consider financing ships to compete with existing companies, Holt himself had to abandon the plan for lack of capital.¹

The shipowners consolidated their position in the early 1890s by forming the Bank of British West Africa.² George William Neville who had joined the Africa Steamship Co. in 1874, and subsequently handled Elder Dempster business in Lagos, approached the Africa Banking Corporation³ while it was establishing a branch in Lagos, becoming its agent.⁴ The bank had obtained the right from the Crown Agents early in 1892 to import new silver coins into West Africa and to charge a commission of one per cent on their distribution. Later in the same year the bank asked Jones if Elder Dempster would take over their Lagos branch. The Crown Agents were very unhappy about the firm assuming the rights which had been granted to the bank (despite a deposit of £10,000 in securities), and even withdrew the Government funds from the bank in the following year. Jones was forced to agree to form a company, the Bank of British West Africa, which was registered at the end of March 1894.⁵

1. Gertzel, op.cit., 317.

2. Richard Fry, Bankers in West Africa: The Story of the Bank of British West Africa (1976).

3. The Africa Banking Corporation was formed in 1891, its directors in 1896 were W.J. Thompson (senior), Edward Webb, J.D. Alexander, H.E.M. Davies, A.Durant, Sir Francis Knollys, W.E. Pilcher and Thomas Rudd. It became one of the three major banks in South Africa as may be guessed from the list of directors.

4. Fry, op.cit., 19. The following information on the formation of the bank is taken from Fry unless otherwise noted.

5. Co.No.40,828, now the Standard Bank of West Africa.

The nominal capital of the bank was £100,000 divided into ten pound shares.¹ Jones was by far the largest shareholder, holding 1,733 shares. The only other shareholders with more than 100 shares were Alexander Sinclair and John Davey, Jones' other partners at Elder Dempster both held 433 each. It is probable that the name of Henry Coke², who described himself at this time as of the London office of David Sassoon & Co.³, gave financial status to the company in the City and consequently to the Crown Agents. The directors of the bank during the 1890s were Jones, Bond, Coke, Lawrence, and Neville who had become the bank's manager.⁴

The successful formation of the bank put more power into the hands of Jones and the shipowners through its control of currency in West Africa. Currency for the middle-men in the Niger area, for example, had largely been in the form of bottles of spirits during the previous decade. The Royal Niger Co. had imposed heavy duties on the import of spirits after the granting of its charter, and in 1887 had prohibited imports into the northern territories.⁵ Jones had used the spirits controversy

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1. The information for this paragraph is taken from the early hard-copy of the company's files.
 2. Coke had been president of the Liverpool Chamber of Commerce in 1890, and no doubt because of his connection with the firm of Sassoons, a founder director of the Imperial Bank of Persia in 1889. He was elected to the Council of the London Chamber of Commerce in 1896.
 3. The Sassoons were merchant bankers and traders known as the Rothschilds of the East.
 4. The other original subscribers besides Jones and Coke were F.W. Bond and Edwin Bicker-Caarten of the Africa Steamship Co., Sir Edward Lawrence, a Liverpool merchant; O.H. Williams, a Liverpool cotton broker; V.B. Hammond, a Liverpool underwriter, and William Moss, a banker's clerk.
 5. Gertz, op.cit., 442.

which arose in the later 1880s in order to cultivate a closer relationship with the FO and CO by supplying them with statistics of the amount of spirits shipped into the area, particularly the fact that the R.N.Co. imported more than was publicly admitted.¹ Control of the quantity of liquor imported could be used to devalue it as currency, an important instrument in the context of a competitive price war, as Holt was quick to realise.²

The amount of British sterling silver issued from West Africa rose from a yearly average of £24,426 in the period 1886-1890, to £116,323 during 1891-5, and more than doubled to £257,090 for 1896-1900.³ It was the currency which the Africans preferred if they accepted metal.⁴ The shipowners had a new hold over the merchants, as the bank could make advances conditional on goods being shipped with their lines, and could withhold distribution of the new silver coins.⁵

Holt continued to try to induce other shipping lines to enter the West Africa trade. In 1891 he encouraged James Knott of the Prince Line to compete with Jones, but there was little support from the merchants, particularly as Jones was buying up even the boating companies whose craft were used to land the cargoes.⁶ In 1894 the London

1. Gertzel, *op.cit.*, 445. It is worth noting in passing that this provides another example of an issue where humanitarian and economic interests connected. The Native Races and Liquor Traffic United Committee was formed in 1887 under the Chairmanship of the Duke of Westminster.

2. *Ibid.*, 447.

3. Davies, *op.cit.*, 133.

4. *Ibid.*, 136.

5. *Ibid.*.

6. *Ibid.*, 87-91.

General Steam Navigation Company began a service to West Africa, again encouraged by Holt, but the company gave no dividend for the half year to February 1895 and ceased its service to West Africa in June 1895.¹

Apart from any pressure that Jones might have exerted on merchants through the bank, he also concentrated during these bouts of competition on keeping all the Crown Agents' business, and cut prices to the bare minimum.² Lack of unity amongst merchants, particularly between Holt and the Millers,³ also played into the hands of the shipowners. When the London General withdrew in 1895, a shipping conference, ring or monopoly was formed for West Africa, comprising the companies which Jones managed and the Woermann Line of Hamburg. Under the rules of this organisation, merchants who shipped with the conference would receive a ten per cent rebate on their costs, deferred for a twelve month period, provided they shipped exclusively with the companies comprising the conference.⁴ In practice this meant that, in the case of Holt for example, the shippers held £10,000 of his money continuously.⁵

The financial strength of the shipowners/bankers was immediately and permanently increased as a result of the ring. Not only were the larger merchants obliged to provide what amounted to an interest-free loan to the shipowners (the smaller merchants and commission houses

1. Davies, *op.cit.*, 97.

2. *Ibid.*, 95.

3. *Ibid.*, 101.

4. *Ibid.*, 110.

5. *Ibid.*, 112.

did not refund the rebate to their customers and so profited from the rebate), but the large business done by the Crown Agents also contributed its share.¹ It must be remembered that all the business of the Crown Colonies and Protectorates was handled by the Crown Agents. All goods and materials which were ordered by them were shipped by the conference², and thus thousands of pounds of their money was also held by the conference. The financial business of the Crown Agents, such as the banking business of the Governor of the Gold Coast, was also carried on by the same group of businessmen, the British shipowners.³

The success of the shipowners' bank, which after ten months had attracted £87,665 in deposits, encouraged the major British firm in West Africa, Miller Bros., to open up small banks connected to their stores. These opened at various stations in the Gold Coast before the Bank of British West Africa could organise the opening of branches to the west.⁴ The Bank was given the silver monopoly for the Gold Coast in June 1896 by the Crown Agents, and that for Sierra Leone in April 1898⁵, but by the end of the century the Bank only had three branches in the whole of West Africa, at Lagos, Accra and Sierra Leone.⁶ At the small Miller banks, bills of exchange were drawn and accepted, cash deposited, and cable and mail transfers negotiated with British banks or between various stations along

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1. The Shipping Commission 1909, op.cit., Vol. III, Question 10578.
 2. Ibid., Question 10617.
 3. Dummett, op.cit., 340.
 4. Ibid., 332.
 5. Fry, op.cit., 28.
 6. Company files, two more branches in the Gold Coast opened in 1901, and two more by 1906.

the Gold Coast. Eventually the Miller Bros., the R.N.Co. and the Africa Association established their own banking company, the Anglo-Africa Bank,¹ which began with a branch in Old Calabar where the owners dominated trade.² So began a decade of competition between the two banks which did not end until 1912.³

West Africa had its mining and railway development in the last decade of the century, as did many other areas of the globe. The state was to be responsible for the construction of the railways, and the agreements between the mines and the state was to help finance them. An obstacle to the mines, railways and the general expansion of business at this time was the disturbed state of Ashanti. The London Chamber of commerce had drawn the attention of the government to the hindrances of trade caused by the unsettled state of affairs in this area in the previous decade.⁴ The government refused to appoint a British Resident in the area in 1886 on grounds of 'policy and prudence' and in the following year because of the cost of protecting such an official.⁵ A report in the semi-official French newspaper, Temps, in 1890, that France claimed the territories lying behind Ashanti, stirred the West Africa trade section to new efforts.⁶

1. Davies, op.cit., 144.

2. Fry, op.cit., 34.

3. Ibid., 51. The Bank of Nigeria, which the Anglo-Africa Bank had become in 1905, sold out to the Bank of British West Africa in 1912, although Jones did not long survive this victory. The trade section of the London Chamber recognised the dominant position occupied by Jones at the turn of the century, by inviting him to attend their meetings, which he did, WAMB 31 Jan. 1900.

4. CO 96/178, London Chamber to CO, 22 Apr. 1886.

5. CO 96/187, London Chamber to CO, 22 Dec. 1887.

6. WAMB 1 Apr. 1890.

A resolution was sent to the CO calling attention to the report and urging the importance of protecting British interests by negotiating treaties with the natives, so as to prevent undue advantage being taken by the French of recent agreements.¹ In the following year the West Africa section of the London Chamber agreed to support a deputation organised by the Liverpool Chamber of Commerce regarding the boundaries of Sierra Leone, but the support of the City businessmen was conditional on the question of 'our position on the Gold Coast' being added to the deputation's agenda.² The deputation was to have been received by Lord Salisbury, but in the event it was left to Lord Knutsford at the CO to explain the extent to which the British state had made large concessions to France in the Sierra Leone area under the Anglo-French agreements of 1889.³

There was a slight difference of opinion amongst the businessmen who constituted the West Africa section in London at this time, regarding the importance of the hinterland of the Gold Coast. The Millers had stores at Axim, Half Assini, Elmina, Saltpond, Dixcove and Sekondi.

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1. The Anglo-French Convention of 1889 defined the western boundary of the British protectorate for only 20 miles inland. Dumett, *op.cit.*, 167, points out that Meade used nearly exactly the same words as those of the resolution sent from the London Chamber when making the same proposals to the FO.
 2. WAMB 24 Nov. 1891. Hynes, *op.cit.*, 121, wrongly implies that the London Chamber only began to focus its attention on the Gold Coast after the disclosures made at this deputation. The fact that the London Chamber was mainly interested in the Gold Coast rather than Sierra Leone, might help to explain why Salisbury felt able to grant such large concessions to the French in Sierra Leone.
 3. Hynes, *op.cit.*, 118.

They were interested in opening up the interior at Tarkwa and at Tamsoo in connection with the mining and rubber developments.¹ At a meeting of the section in September 1890, following a discussion over the relative advantages of the coast and the hinterland of West Africa territories, a vote was taken which won support for the coast, a position which Miller had opposed.²

Nevertheless, early in 1892, Miller appeared to have strengthened his position. He managed to get a discussion of the proposed railway and harbour for the Gold Coast adjourned, and swayed the meeting in favour of a scheme for improving routes to the interior with a detailed account of an interview he had had on this subject with F.M. Hodgson, the acting Governor of the Gold Coast.³ The trade section agreed to support Miller's suggestions, and sent a letter to Knutsford pointing out the restrictions to trade caused by the bad condition of the roads to the interior. The importance of securing the hinterland of the Gold Coast by a declaration that it was a British sphere of influence was also agreed upon at this meeting.⁴

1. Dumett, op.cit., 331-2.

2. WAMB 18 Sept. 1890.

3. WAMB 24 Feb. 1892. Hodgson had already sent a draft scheme for improving communications with the interior to the CO.

4. CO 96/228, London Chamber of Commerce to CO, 5 Mar. 1892. A second replacement letter was necessary as the first was liable to misinterpretation according to Goldie (perhaps with the prompting of the CO or FO). The second explained this, CO 96/228, 8 Mar. 1892. The laundering of official communications on this issue did not end there. Knutsford's reply to the Chamber appeared to admit that Britain had been pre-empted in the area by other powers, and Anderson had to write to the CO to get them to telegraph the Chamber to prevent the original reply being printed, CO 96/196, FO to CO, 23 Mar. 1892.

The attitude of the London Chamber and its West Africa section can be distinguished clearly from those of the Liverpool Chamber and the Manchester Chamber. The London section had close connections with the CO and the FO. It has been suggested that the discussions which led to the Fergusson treaty-making expedition in the Gold Coast in 1892, stemmed directly from the resolution sent from the section in March.¹ Certainly, when Lord Salisbury made up his mind in March 1892 to conclude treaties in order to anticipate the French, the decision was communicated confidentially to the section², and the FO had suggested that the CO ask Goldie for information on the issue.³ The London section had no desire to fracture this close relationship by publicly criticising the Government over the concessions it had made to the French over Sierra Leone. It did consider, however, that the CO should be asked to follow the precedent set by other departments and in future send the Chamber the details of any proposed treaties or action which might affect commercial interests.⁴ Given their close relations with the state, this was as far as the City businessmen with interests in West Africa were prepared to go.

At the second Congress of the Chambers of Commerce of the Empire, however, a resolution which criticised the Government as a whole was successfully proposed by the

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1. Dumett, *op.cit.*, 170-1.
 2. Hynes, *op.cit.*, 121.
 3. CO 96/227, FO to CO, 24 Mar. 1892.
 4. WAMB 24 Feb. 1892.

Lagos Chamber of Commerce and seconded by the Liverpool Chamber.¹ By the time that the resolution had been forwarded to the CO, the ACCUK had had a chance to vote on a similar resolution, and Goldie had been instrumental at that meeting in engineering its defeat, describing it as 'a decided and, I believe, wholly unmerited reproach on our Colonial and Foreign Offices'.²

With the election of the Liberal government in 1892, the section wrote to Lord Rosebery, the new Secretary of State for Foreign Affairs, urging upon him the fact that the delimitation question had not been settled, but the resolution which was included declared that the section

relies confidently on Her Majesty's Government taking all steps, whether by treaty-making or otherwise, to prevent the encroachments by foreign countries on the hinterland of the Gold Coast Colony, the natural resources of which are undoubtedly very valuable.³

Such an opinion contrasted sharply with the resolution from the Congress of the Chambers of commerce of the Empire, or that which was put unsuccessfully to the ACCUK

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1. CCJ July 1892 Supplement, 69, 'That in the opinion of this Congress the interests of British Trade are certain to suffer so long as the Government of this country does not, before recognising treaties . . . put itself in communication with British merchants trading in or with the place in question or with Chambers of Commerce possessed with information as to the interests involved.' The CO refused to accept the resolution in that form, CO 96/228, London Chamber of Commerce to CO, 25 Oct. 1892, minute by Hemming.
 2. CO 96/228, London Chamber of Commerce to CO, 25 Oct. 1892. Lord Rosebery's reply was characteristically ambiguous, much to the concern of CO officials, and stated that in future 'every effort will be made by Her Majesty's Government to ascertain from the most competent sources the nature and extent of British interests which might be affected . . .', CO 96/227, FO to CO, 5 Nov. 1892, minutes on this by Meade et al.
 3. WAMB 9 Sept. 1892.

in the same month. With such close connections with the state, any strong disagreements between the London section and the FO or CO which were communicated in official communications, were limited to gracious requests and polite recommendations. It is not surprising that, given this established relationship, the London West Africa trade section should reject the proposal put forward by the Manchester Chamber in the following year for a West Africa Consultative Committee to advise the state.¹ Top of the list of the reasons given by the London section for rejecting such an idea, was that they were already represented by the West Africa trade section of chambers of commerce and, it might have added, very well represented in the London case.

The closeness of relations between the City businessmen and the state departments allowed the City to keep a close watch on the progress of official communications. For example, in 1893 Swanzy heard unofficially that a memorial from the merchants and traders of the Gold Coast² had been held up by the colonial governor and had not reached the CO. The section was then able to ask Ripon officially if the memorial had been received, and could arrange for questions to be asked in the House of Commons if it had not.³ Such an example also demonstrates how the London Chamber could put

1. WAMB 12 May 1893.

2. WAMB 4 Jan. 1893. The section decided to support this memorial.

3. WAMB 12 May 1893.

pressure on colonial governors from the metropolis.¹

It is interesting to note that the source of requests could be considered significant in deciding upon the source of funds for implementing decisions. For example, concerning the treaty-making mission in the Gold Coast in 1892, Meade thought that part of the cost of the mission might be defrayed from Imperial Funds, because the treaties were to be made in the interests of British trade and the idea had been urged on the Government by British merchants outside the Colony.² Perhaps this was another reason why the various sections of the London Chamber sometimes encouraged the first move on an issue to be made by a local chamber of commerce during the last twenty years of the century. Their decision could have been based upon which was the most likely source of money available for a particular project, colonial or imperial.

At all events, the issues raised by the West Africa section of the London Chamber of Commerce regarding the Gold Coast in the 1890s seemed to have been sympathetically received at the CO. This could partly have been due to the fact that the section was well-informed and closely in touch with the officials of the CO, as a result of which the section did not request action which was not within the bounds of probability. For instance, in 1893 a large constabulary force under the command of Colonel Sir F. Scott was despatched by Governor

1. The Cape Coast Chamber of Commerce could act as an official source of business opinion in West Africa, see for example the letter from George Mordaunt, *ibid.* The Accra Chamber was not formed until 1895, WAMB 1 Aug. 1895.

2. CO 96/277, minute on FO to CO, 24 Mar. 1892.

Hodgson to fend off a threatened Ashanti attack on Kumasi. Before Hemming at the CO had had time to comment on suggestions sent from Hodgson¹, the West Africa section had passed a resolution in more general terms advancing the same proposals.² Scott believed that the Ashanti could be brought under British protection without a shot being fired. The resolution passed by the section proposed that the time was opportune for the Governor of the Gold Coast Colony to establish a system of administration in order to better secure the life, liberty and property of natives desirous of carrying on trade with Europeans. Hemming did not trust the Ashantis to be calm under British protection, although he recognised that the scares of attack on the colony paralysed trade and caused costly expeditions such as Scott's. Bramston thought the time was ripe for a bold strike, particularly as the colony could afford the costs involved.³ Following a further report from Hodgson, Bramston was still inclined to the forward movement⁴ although, following a meeting with Meade, the use of British troops was ruled out, but a Resident was to be installed at Kumasi with a strong guard of Hausas if a protectorate was accepted without trouble. Ripon was not prepared to annex the Ashanti 'in name or in fact'.⁵

One of the main reasons why City businessmen with

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1. CO 96/238, 330, Hodgson Confidential, 18 Nov. 1893. Hemming's minute, the first, was made on 19 Dec. 1893.
 2. WAMB 12 Dec. 1893. It was not confirmed by the Council until a month later, CMB 1, 11 Jan. 1894.
 3. CO 96/238, 330.
 4. CO 96/238, 278.
 5. Ibid..

interests in the Gold Coast wanted the interior brought under British control, and transport connections to the coast improved, was the mines. As in other parts of the world, British merchants appreciated that money was to be made where mineral resources were extracted and they often put their own money into the mines. The Swanzy firm, for example, was involved in three gold mining companies in the Gold Coast, the Wassau (Gold Coast) Mining Co., the Gold Coast Amalgamated Mines, and the Tamsoo (Wassau) Gold Mining Co..¹ Two other mining groups established themselves in the mid-90s, the Cote d'Or Co. (later Ashanti Goldfields), and the Castle Gold Exploration Syndicate (connected with the Goldfields of Eastern Akim and the Birrim Valley Gold Mining and Dredging Co.). The Cote d'Or group was backed by the London merchant firm of Smith and Cade², and the Castle Gold group had amongst their original unofficial subscribers Sir Thomas Sutherland.³

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1. The Wassau, BT31-2926/16317 was founded in 1882 and three partners of F.&A. Swanzy - Swanzy, Cleaver, and F.J. Crocker - held the most substantial portion of the shares. The Gold Coast Amalgamated, BT31-15905/55728, registered in 1898 had three-quarters of its 100,000 £1 shares divided between Swanzy, Cleaver, E.H. Bayldon and P.T. Struben. The Tamsoo Co., BT31-7806/55831, also registered in 1898, had a nominal capital of £60,000. Swanzy, Cleaver, Bayldon and Struben had around two to two and a half thousand shares each originally.
 2. CO 96/285, 427 & 460, Cade to CO, 17 Feb. & 4 Mar. 1896. The Cote d'Or, BT31-6215/44040, was registered in 1895 with a nominal capital of £4,000 in 400 £10 shares. Ashanti Goldfields, Co.No. 52,676 was registered in 1897, £250,000 in £1 shares.
 3. CO 96/280, 468, an enclosure in Maxwell to CO, the Castle Gold Exploration Syndicate to Maxwell, 13 Nov. 1896. The Castle Gold, BT31-6778/47690 registered in April 1896, £5,000 in £1 shares. Eastern Akim, BT31-8247/59839, registered in 1898, £100,000 nominal capital, 26,000 of the £1 shares being 6% preference shares. Birrim Valley, BT31-8892/65459, formed March 1900 with £150,000 in £1 shares.

Having Joseph Chamberlain at the head of the CO from the mid-decade onwards brought business and government even closer together. Chamberlain was ready to invite businessmen to conferences at the CO in order to discuss policies for West Africa.¹ Following his unsuccessful attempt to pass a new land ordinance in 1897², which had been opposed by City businessmen, he called a conference of businessmen to discuss ways of raising the necessary revenue for the construction of the railways.³ Although Chamberlain rejected the idea of a royal charter for the Castle Gold Explorations Syndicate (Maxwell had suggested the Borneo Co. as a model)⁴, he later gave them concessions which almost amounted to the same thing⁵. He also had a ready ear for information on the Cote d'Or group,⁶ who secured a monopoly by late 1896.⁷ H.W.B. Russell of Liverpool obtained a rubber monopoly similar to Cade's mining rights.⁸

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1. For example, on harbours and railways, WAMB 25 Oct. 1898.
 2. Whereby all the land of the Gold Coast colony was to be taken over by the Government, WAMB 5 May 1897.
 3. WAMB 22 Mar. 1899. The outcome of the conference was that the state would in no way interfere with the rights of natives to make what terms they could for concessions. The final draft of the Concessions Ordinances of 1900 exempted the Ashanti Goldfields and the Castle Gold Syndicate's territory, Dumett, op.cit., 222. The section of the London Chamber spent much time on this issue going through the bill clause by clause in its reply to Chamberlain, WAMB 19 Sept. 1899.
 4. CO 96/280, 460, Maxwell to CO, 28 Dec. 1896, minute by Chamberlain 31 January.
 5. Dumett, op.cit., 223.
 6. CO 96/285, 459, minute on Cade to CO, 4 Mar. 1896, "Chamberlain told me that McArthur had spoken to him about Mr. Cade".
 7. Dumett, op.cit., 198.
 8. Ibid., 199.

Chamberlain was more forceful than his predecessors at the CO. For example, he empowered the Crown Agents to finance and construct railways for Sierra Leone and Lagos.¹ He did not wait for the agreement of the governor of the Gold Coast before instructing the Crown Agents to proceed with the western railway in 1897.² Ordinances from the Gold Coast Governor which inscribed stock were used in place of approaching Parliament or the Gold Coast government. The money was then raised on the credit of the Crown Agents as the market did not favour colonial government securities at the time.³ In contrast to his immediate predecessor, Chamberlain did not consult the Cabinet when preparing for an expedition against the Ashanti, but merely notified the Prime Minister of the pending preparations for war.⁴

Business pressure for the construction of the railways in West Africa had been evident since 1892.⁵ Captain Lang and other royal engineers began surveys in 1893⁶, and the West Africa section of the London Chamber of Commerce, which was anxious to learn when the engineers would have completed their labours,⁷ was told by Swanzy,

1. Dumett, *op.cit.*, 244.

2. *Ibid.*, 249.

3. *Ibid.*, 249-253.

4. *Ibid.*, 139.

5. CO 96/228, 502, letter from the London Chamber of Commerce to the CO, 25 Oct. 1892. The Congress of the Chambers of Commerce of the Empire had passed a resolution in favour of light railways being established in British Crown colonies on the West Coast of Africa.

6. WAMB, 12 May 1893.

7. WAMB, 12 Dec. 1893.

after one of his visits to the CO in January 1895, that the survey had been completed.¹ A copy of the appraisal by the government's civil engineer, W. Shelford, of the report prepared by Lang was forwarded to the trade section later in the year.²

The section of the London Chamber took part in two large deputations, composed of representatives from the major British chambers, to Colonial Secretaries during the summer of 1895. The first was to Ripon near the end of June, but the government resigned between the deputation being organised and the date on which it was received. This perhaps explains the boldness of Ripon's reply, considering he was a member of a Liberal administration under Gladstone. He declared that during his time as Colonial Secretary he had maintained two aims. The first was to do what was best for the colonies, and the second, which he emphasised was not second in point of importance, had been to promote to the utmost of his power the trade and commerce of Britain.³

The second deputation took place on 23 August and was received by Joseph Chamberlain accompanied by Bramston and Hemming, the two close supporters of the London West Africa section at the CO. The Liverpool Chamber was present in force, its representatives including Jones, Coke, McArthur, Holt, Elder, MacIver, Alexander Sinclair (Elder Dempster) and T.E. Tomlinson (The Lagos Stores).

1. WAMB, 25 Jan. 1895.

2. WAMB, 21 June 1895.

3. WAMB, a printed booklet describing these deputations affixed in the minute book following the entry for 1 Aug. 1895.

The City had sent Swanzy, Cleaver and J.E. Wilson, the deputation being introduced by Baden-Powell. The businessmen were told that work on the Lagos railway had almost begun and that the Gold Coast railway would be immediately proceeded with.

Chamberlain's arrival at the CO heralded a speedy solution to the Ashanti question. A meeting of the London West Africa section was called specifically on this question at the beginning of August 1895 to ask yet again for a system of British administration to be established in Ashanti, or failing that for the appointment of a Resident.¹ In January 1896, 'a large expedition undertaken in the interest of trade development'² took Kumasi without a shot being fired and sent a flying column up to West Ashanti to establish a British Resident and protect British interests.³ The initial instructions from Chamberlain to the new Resident at Kumasi stressed his responsibility for encouraging trade in the area.⁴

By the end of the century Goldie's star had faded and he resigned his chairmanship of the West Africa trade section, although he had been re-elected.⁵ Swanzy took the chair with Miller as his deputy. The shipping

1. WAMB 1 Aug. 1895.

2. Meade's description of of Scott's force, Dumett, op. cit., 194.

3. Ibid..

4. Ibid., 195.

5. The decisive meeting took place at the end of 1897 when the section sent a letter to the FO, CO and the Treasury which urged that the Niger Company territories, the Colony of Lagos, and the Niger Coast Protectorate be united under government rule, WAMB 1 Dec. 1897.

interests could field a substantial team of support.¹ Although the major mercantile and shipping interests were striving to maintain their respective monopolies, they united through the official activity of the London Chamber of Commerce to influence a government with which they had a very close relationship.

South Africa Trade Section

In southern Africa the economic changes resulting from the gold discoveries were rapid and the trade section of the London Chamber of Commerce took a few years to adjust itself and reflect the new situation. At its simplest, it could be represented by the change in chairmanship of the committee from Dunn² to Mosenthal³, from merchant-based finance to mining-based finance. The situation was not as clear as that however. As we have seen during the 1880s much merchant capital was invested in mining and exploration enterprises, which were set up in association with the rapid expansion of British influence in southern Africa.⁴ The centre of the complexity lies in any attempt to make general distinctions between merchant,

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1. See, for example, the disagreement within the trade section over Miller's proposal for a new railway from Accra to Kpong. Miller had J.H. Batty - his managing agent, and H.J. Hutchinson on his side, but the shipping interests had Capt. F. Voules (Elder, Dempster), E. Bicker-Caarten (secretary of the Africa Steamship Co.), Bond and Jones, WAMB 31 Jan. 1900. Swanzy and Cleaver were on the shipping side, probably because of Swanzy's quarter interest in the Volta River Transport Co. which monopolised the steam launch on this waterway, Dumett, op.cit., 331.
 2. Chairman from 1886 to 1891.
 3. Chairman from 1895 on into the new century.
 4. See Ch. 2 above.

banking, shipping or mining interests, as businessmen could be involved in a number of interests even though they had originally made their fortune in one of them.

Taking the committee of the South Africa trade section as a representative sample, it is clear that by the end of the 1880s merchants were involved in gold and land companies, and the finance companies or banks which expanded with the gold boom.¹ In 1888 the movement of merchant and banking capital into the Transvaal gold mines was apparent:

Things have changed very much and people like the Barnatos and Hill & Paddon are putting a lot of money into the Rand. Lippert is encouraged from home to act by Schroeder & Erlanger (heads of two of Europe's biggest banking firms).²

John Paddon, one of the earliest members of the trade section's committee, set up the Oriental and Sheba Valley United Gold Mining Co. in 1889³, of which T. Morgan

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1. Econ. 19 June 1897, 876, in the second half of the 1880s the imperial banks in southern Africa, and the Natal Bank, had been growing - in terms of deposits and current accounts liability - by at least 20 per cent per annum. Despite the closure of the Cape of Good Hope Bank, and the Union Bank, Capetown, in the early 1890s, the Africa Banking Corporation and the National Bank of the South Africa Republic were successfully established. The latter bank had been established by H. Eckstein (the Johannesburg firm acting for Wernher, Beit & Co.) with the Treasury of the S.A.R., A.P. Cartwright, The Corner House (1965), 112.
 2. Ibid., 62, written by Eckstein.
 3. BT31-4324/28100, £400,000 in £1 shares. Major shareholders in the first allotment were the Nil Desperandum Co., C.K. White & J. Silbury, B. & I. Lewis, and T.J. & W.G. Anderson. In the second allotment in April 1889 E. Lippert took 5,000 and W.W. Daniell 3,000. Joseph and Isaac Lewis took much larger shares and Paddon kept over 76,000. A.J. Newton and A.T. Layton were also directors. Paddon was also involved along with Soper and H.C. Ross in the Sheba Gold Mining Co., to which the Oriental & Sheba was sold in 1893.

Harvey, another long-standing committee member, was a director. Harvey was also on the board of the Transvaal Mortgage Loan and Finance Co., and the Kenya Exploration Co.. L.B. Twentyman was a director of the Central Montrose Estate and Gold Mining Co. which was established in 1889¹, and also sat on the boards of the Vaal River Diamond Co., the West Rand Estates & Land Co., and the Nooitgedacht Estate & Gold Mining Co.. J.J. Hamilton was a director of the South African Gold Trust & Agency which was established in 1888², in which W.J. Anderson's partner, W.M. Farmer, also had an interest. Archibald Parker was chairman of the South Africa Prospecting & Mortgage Co., as well as holding a substantial block of shares in the Goldfields of South Africa. Harry Mosenthal had become more involved in mining companies than any other merchant.³ James Macalister, perhaps the most regular attender of the trade section during the 1890s, was a

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1. BT31-4568/29912, £160,000 in £1 shares was floated to buy out the Montrose Gold Mining & Exploration Co. machinery for £30,000 cash and its farm and lands for £95,000, of which £80,000 was in fully paid up shares of the new company. Thomas Bell and W.M. Farmer were also directors. The company was wound up in 1909.
 2. BT31-4293/27857, £110,000 in £1 shares, bought up the goodwill of the South Africa Gold Mines Agency which had been founded in 1887 (£10,000 in £25 shares) and intended to act as an agency dealing in stocks and shares amongst other businesses. The directors of the former and the new company were Hamilton, Hugh Walters and Percy Tarbutt. Founder shareholders included W.M. Farmer, Thomas Rudd, Hamilton, A. Lawrie, Arbuthnot & Latham, and Daniel Minertzhagen of the Huth firm. Arbuthnot & Latham also had a block of shares in the Central Montrose Co. and the Goldfields of South Africa. Huth and Lawrie also had shares in the latter company.
 3. In 1890 he was a director of De Beers, the Bultfontein Mine, the Exploration Co., Potchefstroom Exploration Gold Mining & Estate Co., and the Horo Concession & Exploration Co. of Swaziland.

director of the National Bank of the South Africa Republic. Bell, and Harvey's¹ partner, B.W. Greenacre, were directors of the Natal Bank. Dunn² and Thomson³ held substantial blocks of shares in the Standard Bank. Thus when the section officially decided to increase the number of its committee to include land and mining interests in 1890⁴, it was recognising interests which were already represented indirectly.

Following the rapid expansion of British influence in southern Africa during the 1880s, businessmen pressed for an increased British presence. In the spring of 1889, for example, the South Africa trade section convened a meeting to discuss the desirability of a British Resident being appointed to Swaziland.⁵ F.H. Faviell and J. Carey Owen were invited to the meeting to give an account of the state of affairs in Swaziland. Faviell, chairman of the Forbes Reef Gold Mining Co.⁶, estimated that £2m had been invested in Swaziland, three-quarters of which had been raised in London. He explained that, along with other

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1. Harvey was a director of the City Bank also.
 2. Dunn was a director of the Alliance Bank also.
 3. Thomson was a director of the London & County also.
 4. SAMB 9 May 1890.
 5. SAMB 4 Apr. 1889. Kruger was at this time asking for a free hand in Swaziland, Van der Poel, *op.cit.*, 49.
 6. BT31-3527/21508, registered in Aug. 1885 to carry into effect an agreement between David Forbes and F.H. Faviell to acquire lands and other property in Swaziland. Faviell then sold his agreement with Forbes to the Forbes Reef Co. for £32,000 in fully paid shares. Forbes received £45,000 in shares for the rights he had secured from chief Umbandine. This company was liquidated and reformed with a nominal capital of £400,000, four times the value of the former company, BT31-4307/27983. It took in the Southern Forbes Reef Co. in 1890 and reformed again in 1893 with a nominal capital of £105,000, BT31-5748/40249. Its assets were sold to the Swazieland (*sic*) Corporation in 1905.

firms, he was prepared to contribute to the cost of installing a Resident, as the businessmen looked upon such a contribution as an insurance premium. Owen, of the Swaziland Trading Co., also declared a commitment to defraying the costs of a Resident. The result of the meeting was a request from the London Chamber of Commerce for a deputation to be received at the CO.¹

The section used its unofficial network of communication to establish the feasibility of asking for a British Resident. Twentyman contacted Searle (of the Cape Chamber of commerce) who suggested that Sir Hercules Robinson, the High Commissioner and close associate of Rhodes², would be against the proposal. The section then approached Baden-Powell, from whom they expected to get a firm idea of Robinson's views.³ Joseph Chamberlain agreed to support the deputation, but it was refused by the CO where it was feared that such a public event would precipitate the entry of the Boers into Swaziland, and the London Chamber was officially informed that an inquiry was to be made into the situation in Swaziland.⁴ Dunn expressed his fear to the trade section that Robinson was

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1. CMB 1, 11 Apr. 1889. A letter was sent to the CO urging that a resident be appointed and a deputation received, CO 417/37, London Chamber of Commerce to the CO, 7 June 1889.
 2. Robinson became the chairman of De Beers, as well as a director of the British South Africa Co., and of the Standard Bank. His political position was Governor of the Cape Colony and High Commissioner of British South Africa.
 3. SAMB 15 & 25 Apr. 1889.
 4. CO 417/37, London Chamber of Commerce to CO, 7 June 1889, minutes by Fairfield and Herbert.

to be sent back to South Africa to resume his post¹ in order to conciliate the Boers², and the issue was dropped for a few months.

A rumour later in the year, that Swaziland was to be ceded to the South Africa Republic, resulted in a large meeting at the London Chamber of Commerce.³ Many businessmen associated with Swaziland were present. Faviell and E.B. Livingstone of Forbes Reef; Hugh McCubbin and M. Higginson of the Havelock Gold Mining & Exploration Co.⁴; H.P. Atkins of the Swazieland (sic) Gold Exploration & Land Co.⁵; John and Horace Thorburn and E.P. Mathers⁶; even the secretary of the Aborigine Protection Society, H.R. Fox-Bourne, attended to represent the humanitarian side of imperialism. A subcommittee was

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1. Robinson had been suspected of being in Rhodes' pocket and the Cabinet had decided to terminate his commission in January 1889, Robinson & Gallagher op.cit., 236. Sir Henry Loch was sent out as the new High Commissioner, Van der Poel, op.cit., 50.
 2. SAMB 20 June 1889.
 3. SAMB 30 Oct. 1889.
 4. BT31-4104/26341, registered in Apr. 1888, it was largely a Liverpool concern of the firm H. & T. McCubbin. Its nominal capital was £120,000 and in 1891 new 20 per cent preference shares were created. It was wound up to form the Havelock Gold Mining Co. in 1893 which had a capital of £25,000. Its directors in 1890 were Higginson, W. Roberts, Henry Rooke, W.J. Thomson & McCubbin.
 5. BT31-4336/28157, registered in Jan. 1889 with a nominal capital of £150,000, based on the concession which J. Schruer had obtained from Umbandine. Schruer received £125,000. Atkins, a Lloyd's underwriter, had 200 of the original shareholding.
 6. The Thorburns obtained concessions from Umbandine (for the import of iron, tobacco, diamond drills, liquor, the manufacture of iron and liquor, and the sole right to levy customs), which were taken up by the Umbandine Swazieland (sic) Concessions Syndicate, BT31-5094/34301, registered in June 1891. E.P. Mathers, proprietor of South Africa, was trustee for the company, the original subscribers of which included D.W. Bell & Co..

formed to organise a public meeting and to perform any other necessary work.¹ Within a week or so a vice-president of the London Chamber of Commerce, Sir Vincent Kennett-Barrington, had discussed the matter informally with Lord Knutsford, and it was agreed that the CO would receive a private deputation if the public meeting were called off.² The section accepted this offer, particularly as it was also clear that Sir Francis De Winter had gone out to Swaziland with powers to act on Colonel Martin's inquiry.³

The informal arrangement between the CO and the South Africa trade section, whereby the threat of a public meeting was bought off with the offer of a private deputation, is an exceptionally good example of the very private nature of such agreements, and the way in which the public and hidden activity of the City businessmen interacted. The especial importance of the event, as an indication of the secrecy of City-State relations, lies in the fact there is no hint in the minutes written by civil servants or the Minister on the letter from the London Chamber of Commerce that a previous agreement had been

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1. SAMB 30 Oct. 1889. On this subcommittee were the section members such as Harvey, Macalister, Bell and Henwood, together with those with direct interests - Faviell, McCubbin, H.M. McClure and de Stedingk.
 2. CMB 1, 14 Nov. 1889. The letter from the Chamber to the CO on 12 Nov. 1889, CO 417/37, referred to 'an informal statement'.
 3. SAMB 11 Nov. 1889.

made.¹ The subsequent letter from the Chamber and the minutes written on it are equally misleading, and it is possible that Fairfield and Bramston had no knowledge of the understanding which had been reached a month previously.² When the correspondence on the affairs of Swaziland was printed for Parliament,³ neither of the letters from the London Chamber of Commerce was included, though a much earlier letter from the Chamber sent in June was there.⁴ It is clear that the whole episode was kept well hidden from the public and Parliament.

The deputation took place in February 1890⁵, and was preceded by another large meeting at the London Chamber of

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1. CO 417/37, London Chamber of Commerce to CO, 12 Nov. 1889. Herbert gave the reasons why it could be inconvenient and possible prejudicial to British interests to publicly receive a statement of opinion at that time, adding that Lord Knutsford was willing to receive a deputation. It was left to Knutsford himself to point out that a private deputation would save them from a public meeting which would be far worse in its effects on events in South Africa. There is no way of telling from the minutes that these comments were not part of a process of decision-making but, in fact, a record of already agreed action. Graeme, Fairfield and Bramston do not appear to have been privy to the arrangement, to judge from their comments.
 2. Ibid., London Chamber of Commerce to CO, 6 Dec. 1889. The CO was thanked for its letter and it was confirmed that a deputation was desirable.
 3. Parl. Papers (1890) LII (c.6200) 'Further Correspondence respecting the Affairs of Swaziland & Tongaland'.
 4. Ibid., nos. 101 & 107.
 5. SAMB 26 Feb. 1890. Baden-Powell and Kennett-Barrington were to introduce it in general terms; Kimber was to emphasise the imperial aspects of the question; Dunn, J.W. Thomson (manager of the Havelock Gold Mining & Exploration Co.) and Bell were to talk for Cape and Natal interests; de Stedingk, Baylis and Kenrick represented the native and liquor aspects; and Faviell and Farrant for the mining interests.

Commerce at which Thomas Rudd¹ was present.² It would appear that those interests associated with Rhodes were in favour of the British Government retaining Swaziland at that time.³ Dunn informed the section that if they stood firm Swaziland would not be handed over to the Transvaal. Dunn's confidence could not have been based on De Winton's report. De Winton had noted that almost all the trade of Swaziland was in British hands, but he felt that there was no reason why it would not remain so whatever the future of Swaziland.⁴ Dunn's prediction was fulfilled, nevertheless, in the month after the deputation when Sir Henry Loch met Kruger at Blignant Point to thrash out the Swaziland question.⁵ Loch was praised as an able Governor

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1. Chairman of Consolidated Goldfields of South Africa, and a director of the South Africa Gold Trust, of the Africa Banking Corporation, and of the London Joint-Stock Bank by 1895.
 2. SAMB 25 Feb. 1890.
 3. Apart from Rudd's presence at the meeting, a telegram was enclosed in a letter from the British South Africa Co. to CO, 27 Feb. 1890, CO 417/51, which was dated 14 Feb. and strongly urged that Swaziland be retained as the Boers intended to enter Mashona in the winter.
 4. Parl. Papers (1890) LII (c.6201) 'Report by Col. Sir Francis de Winton', 9. He also listed the conditions upon which the Cape Colony and Natal would accept the cession of Swaziland to the South Africa Republic. At that time these were mainly the establishment of free trade in southern Africa, the extension of the railways into the Transvaal, the extension of the franchise to the whites in Swaziland, and a promise that the Boers would keep out of areas under British control, *ibid.*, 14 & 15. A list of all concessions claimed is appended to the report, giving the names of the original and later concession holders, *ibid.*, 59-73. The South Africa trade section asked for a copy of the report in advance of the deputation, but there is no evidence that they were sent one, CO 417/51, London Chamber of Commerce to CO, 19 Feb. 1890.
 5. Van der Poel, *op.cit.*, 50.

by Dunn at the general meeting of the section,¹ and, although there was no time for a dinner to be given to Loch when he returned to England, the trade section sent a deputation to present him officially with an address.²

It was at this time that representatives of the mining, landed and shipping interests were formally added to the committee of the South Africa section,³ and Dunn was replaced as chairman by Sir Thomas Bell.⁴ There is no evidence that a struggle took place within the trade section in order to bring about the change, any more than there was in the West Africa section minutes when Goldie

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1. SAMB 9 May, 1890.
 2. SAMB 13 Feb. 1891. The memorial was received and published in all the newspapers, SAMB 17 June 1891.
 3. SAMB 20 Feb. 1891. For the mining interests they included Rudd, John Seear of De Beers, and H.E.M. Davies who was chairman of the Battery Reef Gold Mining Co. (in which Rudd was the largest single shareholder), a director and large shareholder in Goldfields of South Africa, a director of the Mines Trust and of the Gold Estates (Transvaal) Co., Davies became a director of the Africa Banking Corporation and chairman of the South Africa Gold Trust a few years later. For the shipping interests two places were reserved on the committee for a representative of the Union Steamship Co. (BT31-209/641, established in 1856, nominal capital increased in 1881 from £500,000 to £750,000, and stood at £1,250,000 by 1892, always in £29 shares), and a representative of the Castle Mail Packet Co. (Co.No. 15671, registered in 1881 with a nominal capital of £1,400,000 in £20 shares, by far the largest holder of which was Donald Currie with over 3,000). The two lines became the Union Castle Mail Steamship Co. with a nominal capital of £2m in 1900.
 4. Sir Thomas Bell, originally elected to the section's committee in 1887, was a partner in James Searight & Co., developed an interest in South African mines and at this time was chairman of the Montrose Gold Mine & Exploration Co., and a director of the Central Montrose Estate & Gold Mining Co.. The firm of D.W. Bell & Co. held the largest single block of shares in the Umbandine Swazieland Concessions Syndicate when it formed in 1891.

stood down. The trade section was re-organising itself so as to reflect the outcome of changes in the hierarchy of wealth and power. The members of the section were wealthy members of the financial community whatever their original business enterprise had been,¹ and, although the competition might have been fierce on the ground out in southern Africa, the changes were represented in the South Africa trade section in the City as a sedate game of musical chairs.

There was a little confusion over the position taken by the London Chamber of Commerce on affairs in southern Africa during the interim between Dunn stepping down as chairman of the South Africa trade section in 1891 and Mosenthal occupying the position in 1896. Bell and F. Dyer were the chairmen during this period. There is no mistaking the involvement of the City in southern Africa economically. The ubiquitous Rothschilds, who had been brought to the assistance of Porges, Wernher & Beit on at least two crucial occasions², were to negotiate the attempted purchase of the Delagoa Bay Railway by the Cape, helped to raise the loan with which the South Africa Republic could complete the Delagoa Bay railway³ and a few months later were praised at the annual general meeting of the British South Africa Co. for their financial assistance.⁴ They were involved in the floating of the

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1. See the examples of Rudd and Davies above; also the chairman of the Union Steamship Co., Giles, was a director of the Africa Banking Corporation; Currie was also chairman of De Beers.
 2. Cartwright, op.cit., 23 & 79.
 3. Van der Poel, op.cit., 61 & 62. The loan was £2.5m at 5 per cent.
 4. CO 417/88, 29 Nov. 1892, contains a copy of the company's report of the AGM.

Rand Mines in 1893¹, and in the following year were important in the creation of the Transvaal & General Association which attracted the capital of the Barings, the Smiths, Hambro, Farquhar, Wernher, Beit, H.E.M. Davies, Parker and Mosenthal in substantial amounts.² The City clearly had confidence in the general profitability of southern Africa. The slight confusion arose from the unresolved question of the future of Swaziland which was again discussed in 1892 and 1893.

The source of these discussions was the vigorous activity of men who were not part of the wealthy elite, particularly H.T. Van Laun, but who managed to gain some support by cloaking themselves in the imperialistic sentiment and economic nationalism which the City promoted. A large meeting of the South Africa trade section assembled to hear the details of a scheme for creating a port for Swaziland at Sordwana Point and a

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1. Cartwright, op.cit., 126, Wernher wished to spread the risk of investing in deep-level mining. 300,000 of the 400,000 £1 shares were allotted, of which 200,000 went to Eckstein for Wernher Beit, 60,000 to the Rothschilds, and 30,000 to Goldfields of South Africa. Mosenthal was a director of the Rand Mines.
 2. BT 31-5765/40391, the Association was registered in 1894 with £250,000 £1 shares. Lord Rothschild originally took £25,000, John Baring nearly 7,000, Beit nearly 4,000, and all those listed above had at least 1,000 each.

railway from the port inland to the frontier.¹ Although the section suggested that the London Chamber of Commerce should urge the Government to allow the scheme to take place, it balked at declaring its active support for the enterprise.

The question of Swaziland was raised again four months later when E.P. Mathers replied to an article in The Times with a letter which suggested that neither Britain nor the Transvaal could properly govern Swaziland so long as the rights of concessions remained in the name of individuals. He pointed out that the rights of the Umbandine Swazieland Concessions Syndicate were evident to anyone who bothered to examine the records at Somerset House.² This move struck, probably unintentionally, at a great weakness of the CO. The civil servants appeared to have very little information on the extent and nature of British investments in Swaziland, but were very loath to

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1. SAMB 11 Apr. 1892. Chatterton, Van Laun's solicitor and a Unionist Parliamentary candidate for Crewe, outlined the scheme to the section. The Mapotoland Syndicate, BT31-4109/26387, formed in Apr. 1888 had acquired a concession which had been granted by the Queen Regent of Mapotoland (Tongaland). Many of the £50,000 of shares were held in Paris, Alphonse Ochs being one of the directors. The company was dissolved in 1894 as it had done no business, being unable to sell the concession. Following the formation of the Syndicate, the Admiralty had undertaken a visit of the proposed site for the harbour, Parl. Papers (1890) LII (c.6200) 'Further Correspondence respecting the Affairs of Swaziland & Tongaland', Admiralty to CO, 10 Apr. 1889.
 2. The Times 12 Aug. 1892. Not only did the correspondent of The Times, Flora Shaw, favour Rhodes' point of view, but Fairfield reveals that the newspaper's editor approached the CO indirectly with an offer that if the Liberal Government ceded Swaziland to the Boers The Times would not attack the move from party motives, CO 417/88, 240-4, a long memorandum by Fairfield. Mathers was not disinterested either, having 3,000 shares in the Umbandine Syndicate.

be seen to be acquiring such information. They had to resort to privately asking the Crown Agents to gather the information for them and hiding the possible cost of such an exercise under a misleading sub-heading.¹

In November when the executive of the London Chamber of Commerce received a deputation from businessmen with interests in Swaziland,² it was common knowledge that Rhodes was for ceding the territory to the South Africa Republic.³ The day after the deputation to the London Chamber an unsigned circular announced a City meeting with the object of strengthening the hands of the Colonial Secretary in the negotiations which were pending for the protection of interests in Swaziland.⁴ The result of the meeting was the formation of the Swaziland Committee.⁵ None of the committee members of the South Africa trade section were involved in this group, but John Harvey⁶ of the merchants Charles Price & Co., a director of the

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1. CO 417/88, 243-4. Fairfield did not at this time know that Mathers had shares in the Syndicate, but that did not prevent him from ascribing mean motives to those involved in his usual unpleasant way. The private nature of the arrangement with the Crown Agents was further brought out by Mr. S. Olim's minute on 7 Sept. 1892, *ibid.*, back of 245, when he asked Fairfield if it were necessary to write officially to the Agents or whether Fairfield's private communication with Sir M. Ommanney were sufficient.
 2. CMB 1, 10 Nov. 1892.
 3. Financial Times 10 Nov. 1892.
 4. *Ibid.* 12 Nov. 1892, 3; also in South Africa 12 Nov. 1892, 264. Cuttings from both papers were retained by the CO for comment.
 5. It was composed of Faviell, Harvey, E. Escombe (chairman of the Swaziland Gold Exploration Co.), Van Laun (of the Beira Railway), Lord Ribblesdale (chairman of the Horo Concession), and Fox-Bourne of the Aborigines' Protection Society.
 6. Harvey was chairman of a number of mining companies in the 1880s - the Chile Gold Mining, the Henriette Mining & Smelting, and the Barancannes Copper Mining. In the 1890s he was chairman of the English & Australia Copper Co., and Mysore Reefs Co. amongst others.

Henderson & Forbes Gold Mining Co., was an elected member of the Council of the London Chamber of Commerce. The subsequent deputation from the Swaziland Committee to the CO was introduced by Baden-Powell and Sir Reginald Hanson. The deputation was told that the matter had been referred to the Crown Agents.¹

It is unclear to what extent the trade section was involved in supporting this activity. Certainly the two letters which were sent to the CO from the London Chamber of Commerce², before Swaziland was handed over to the Transvaal at the end of the following year³, were not discussed at a trade section meeting.⁴ What is clear,

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1. Daily News 24 Nov. 1892.
 2. CO 417/88, London Chamber to CO, 21 Dec. 1892, opposed the transfer of Swaziland to the S.A.R. and asked about the intentions of the Government. This was one of the letters which the CO received from many chambers of commerce and were clearly a result of Van Laun sending out cyclostyled letters to all the chambers of commerce, CO 417/88, 17 Oct., 23 Dec. 1892, and CO 417/109, 19 Jan., 5, 12, 13, 18, 19, 22 & 25 Apr. 1893. The second letter from the London Chamber of Commerce to CO, 31 Oct. 1893, CO 417/109, seems to have developed from a memorandum endorsed by the Council in April, CMB 1, 27 Apr. 1893, halted in mid-October, *ibid.*, 12 Oct. 1893, but finally sent.
 3. Robinson & Gallagher, *op.cit.*, 414. It is worth noting in passing that it was the effect of Van Laun's cyclostyled letters which elicited the response from Ripon which is quoted in *ibid.*, 'I do not attach much attention to their opinion . . . knowing how they are manufactured'.
 4. It is difficult to assess the opinion of the section on this issue as in May 1893 the standing committee of the trade section was abolished in favour of special committees for particular issues when they arose, SAMB 16 May 1893. The section never felt strongly enough about preventing the cession of Swaziland to the S.A.R. to discuss it or form a special committee on the subject. The motivation for the two letters appears to have come from the executive and Council, perhaps from Harvey.

however, is that Rhodes was given a banquet by the section in 1894¹ and, if it had not been for the timely intervention of the executive officers of the London Chamber, the section would have supported the tariff clause which Rhodes wished to introduce into his charter.² Any possible divergence between the views of the dominant mining interests in South Africa and those of the executive of the London Chamber of Commerce had disappeared by the time of the Jameson Raid when the President of the Chamber, Rollit, immediately wrote to Chamberlain, and visited the CO, offering any means of information or of 'informing public opinion . . . at the present crisis'³. With the election of Mosenthal as chairman of the trade section in the same year, the dominance of the mining-based interests was assured.⁴

The close relationship between the State and the City in the last decade of the nineteenth century was a relationship between a most powerful state and a centre of great wealth, both of which had influence extending all

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1. SAMB 1 Nov. 1894, endorsed by the council a week later, CMB 1, 8 Nov. 1894.
 2. SAMB 23 Apr. 1895. Rollit and James Chambers moved in on the section meeting and declared the need for a special general meeting of the Chamber, which was held in July, *ibid.*, 4 July 1895.
 3. CO 417/195, London Chamber of Commerce to CO, 6 Jan. 1896, and minutes upon it. There is no record of the meeting in CMB. The section was told on 14 Jan., SAMB 14 Jan. 1896.
 4. For example, when the Salisbury Chamber of Commerce complained that the British South Africa Co. was fixing prices, Seears - representing 12 mining companies - told the section that this was the only way to allow the mining industry to continue, and the matter was dropped, SAMB 17 July 1900.

round the world, and the activities of both were usually interrelated. The dominant British economic interest in a particular part of the world, often of a monopolistic or oligarchical nature, was usually supported by the British state. The City businessmen associated with such interests had continuous informal access to the relevant government departments and were chairmen of the relevant trade section of the London Chamber of Commerce. The domestic aspect of the relationship between finance and politics was equally close. The British government always sought City advice before framing financial policy, just as a would-be borrower seeks advice on a loan from his bank manager before he borrows.

The relationship between finance and politics was not simple or straightforward but subtle and complex. The full relationship was not admitted in public by the City or the State as both had regard for the domestic and international audiences which were largely composed of competing economic interests, often supported by powerful states. The City itself was not an homogeneous block of equally-matched, continuously-co-operating interests. Many interests were in competition with each other at one time or another, particularly the transport and communication interests whose charges and activities were of

constant relevance to the profitability of all other interests.¹ Some issues, such as bimetallism, divided the City into opposing camps. The main conclusion produced from a study of the various interests and conflicts, however, is that, despite the competition between various groups which constituted the City, the top strata of businessmen often had interrelated interests. If they did not all meet each other in one boardroom or another, the fact that they recognised the importance of each other at this high level is demonstrated by the success of the London Chamber of Commerce and its various trade sections, and by the more extreme example of the Baring crisis. The top men of the different hierarchies in the City formed a superior echelon which understood the limits to disagreement. The top group altered with changes in the economic

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1. For examples of clashes between Sutherland and the East India and China trade section, and the bills of lading issue, see EICMB 13 Apr. 1886, 28 June 1887, 11 Dec. 1888, 17 Mar., 11 June, & 18 Oct. 1889, 30 Oct. 1893, & 30 Jan. 1895. For similar examples for the South Africa section and Currie, see SAMB 21 June 1881, 1 Nov. 1894, 4 Feb., 10 Mar. & 27 Apr. 1896. Unfortunately records of the merchants' committee or the shipping committee have not survived. Despite such occasional antagonism, it is difficult to divide up shipowners from merchants in a simple fashion as merchants were directors and shareholders in shipping firms - S.S. Gladstone was on the board of the P&O for example, and Blaine, Barsdorf and T.M. Harvey had substantial holdings of shares in the Castle Mail Packets Co., W.M. Farmer was deputy-chairman of the Union Steamship Company - and shipowners were also involved in other interests - Currie was chairman of De Beers and had established the Namaqua Copper Co.. Also shipping firms, such as the P&O, spent a lot of time investing money in City stocks and shares, see Freda Harcourt, 'P&O and Opium', a paper given to the Imperial Seminar at the Institute of Historical Research, London, 4 Feb. 1985.

fortunes of particular interests, and those men or families which were part of this group over a long period of time, such as long-established private bankers, merchant houses or merchant bankers, were the most influential over time.

CHAPTER SIX: THE NAVY AND THE CITY

The expansion of the British navy and the expansion of the British Empire went hand in hand. The larger the Empire, the greater the navy needed to defend it; the greater the armed forces of the United Kingdom, the easier the spread of the influence of the British state in the world. As the great European powers struggled to establish areas outside Europe in which their businessmen might make profits, that government which could most powerfully back up its diplomacy with armed force would be most likely to succeed. The scramble for colonies and the naval race which had begun in the 1880s were to result in world-wide confrontations and a more serious arms race in the 1890s.

It is tempting to see the colonial and naval expansion as leap-frogging forward together driven by some inherent logic. The expansion of both were costly, however, and the willingness of Parliament to sanction such expenditure, which had already been in doubt, was further questioned by the business recession of the early 1890s. The battle for ideas, the need to produce propaganda in favour of naval and imperial expansion was as important and necessary as it had been in the previous decade, perhaps even more so.

In the same way that the Indian and Colonial Exhibition had sought to popularise the notion of Empire in 1886, so in 1891 an exhibition was organized by those who wished to promote naval expansion. The Royal Naval and Nautical Exhibition brought together all who were

interested in promoting naval expansion. The Queen agreed to be its patron, and the Prince of Wales its president. The Vice-Presidents were Admirals, including Phipps-Hornby and Lord John Hay, and politicians who had held the position of First Lord of the Admiralty, including W.H. Smith. The Council of the Exhibition was over two hundred strong, two thirds of whom were army and naval officers; the rest were politicians, aristocrats, shipowners, shipbuilders, arms manufacturers and a few City men, including the Lord Mayor and Sir John Lubbock. The preparations for the exhibition were financed mainly by businessmen who had a direct pecuniary interest in a larger navy - shipowners, shipbuilders, arms manufacturers and owners of iron and steel works.¹

Whilst the preparations for the exhibition were taking place, the London Chamber of Commerce provided a platform for Rear-Admiral Richard Charles Mayne M.P. to give an address on 'The Protection of Commerce'. At least eight other admirals attended the special general meeting to hear Mayne compare the amount spent on the navy in 1860 and 1888 in terms of insurance for British trade. The £13m spent in 1860 had been to protect exports and imports worth £375m, whereas the £11.9m of 1888 was related to

1. Over £32,000 was guaranteed. Substantial sums of money were pledged by prominent companies such as Cunard, Charles Cammell & Co., Sir Thomas Sutherland for the P&O Co., T.H. Ismay, Vickers Sons & Co., Sir Joseph Whitworth & Co., Laird Bros., Sir Donald Currie; and the remainder was promised by individuals, mainly politicians - including £500 from Lord Brassey - and admirals, taken from a printed list of guarantors enclosed in A.B. Forwood to Sir Geoffrey Phipps-Hornby, 16 Aug. 1890, in the Phipps-Hornby Papers, PH1 121a.

trade worth £670m. Mayne took the exact rate of insurance to be 3.41 in 1860 compared with 1.85 in 1888, and on this basis called for an increase in cruisers and battleships.¹

Moves were also in progress at this time to form a National Defence Association in the City. Goldie had brought the matter before the Council of the London Chamber of Commerce in December 1890², and in the following March, having secured the backing of the Chamber's executive, he got the Council to agree to the formation of the Association under the auspices of the London Chamber of Commerce, but it was to be run as a separate organisation.³ When the Naval Exhibition opened in London in the summer of 1891 the City could claim to have kept the momentum of the naval movement of the late 1880s going.

The exhibition itself was an example of the business acumen of the guarantors. Over 2.25m visitors came to it and with the £48,000 profit from the takings at the gate the Royal Naval Fund for the relief of widows and orphans of servicemen was founded.⁴ The success of the exhibition is a remarkable example of a section of industry and business financing a huge advertising promotion of their products and services with the support of the Royal Family. It is also one of the more obvious examples of the coincidence of the interests of the state and business.

The year of the exhibition was marked by an increase

1. CCJ Dec. 1890, 272.

2. CMB 1, 11 Dec. 1890. At this meeting Arnold-Forster had tried unsuccessfully to persuade the Council that the London Chamber of Commerce should pledge money to the Naval Exhibition.

3. CMB 1, 12 Mar. 1891; also CCJ Apr. 1891, 109.

4. Hamilton, op.cit., 92.

in the size of the small band of politicians and officers who pressed for a larger navy. Sir Charles Dilke was becoming more seriously involved in the movement at this time, and suggested to Spenser Wilkinson - a propagandist and journalist who was rapidly rising in importance - that they should write a popular book on the topic together.¹ Sir George Sydenham Clarke's The Navy and the Nation was published in that year, as well as his fictional account of The Great Last War (under the pseudonym of A. Nelson Seaforth). Eardley-Wilmot produced a work on The Navy and the Exhibition, and began compiling his history of The Development of Navies During the Last Half Century for publication in the following year.

Those with a longer-standing commitment to the British navy were also active. In Parliament Sir John Colomb moved that details of naval estimates be given to the House of Commons, very little information being available to the public at this time.² Beresford was hawking his latest proposals 'Proper Policy of Defence' about the politicians.³ Brassey, speaking at I.F.L. meetings, recommended a Royal Commission on the defence of the Empire.⁴ The I.F.L. itself had been told by Lord Salisbury during the summer that a kriegsverein was a more practical and urgent form of imperial federation than a zollverein.⁵ Brassey, who had introduced the deputation,

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1. S.L. Gwynn and G.M. Tuckwell, The Life of the Rt. Hon. Sir Charles W. Dilke, Bart., M.P. (1918), 406.
 2. Parl. Deb., 3rd Series, cccv, 1948, 2 Mar. 1891.
 3. For example to Balfour, Beresford to Balfour, 21 Nov. 1891, Balfour Papers, BL Add. MSS 49849.
 4. For example at Brighton on 4 Dec. 1891, see his Papers and Addresses iv, 169.
 5. Brassey, Papers and Addresses iv, 165-6.

was chosen by the I.F.L. to chair a committee to prepare a detailed scheme of imperial federation as a result of this deputation.¹

This activity to further jingoism was not initially shared by all in the City, particularly not by Sir John Lubbock the newly-elected president of the London Chamber of Commerce. While the 1889 Naval Defence Act was still being drawn up, he suggested to the Council of the London Chamber of Commerce that international agreement should be considered as a means of saving British property from being captured on the high seas during war time.² He had gone so far as to speak to Thomas Scrutton at the Chamber of Shipping about the matter. The idea received some support from Rollit and Kennett-Barrington, who agreed to enquire unofficially if the matter might not be added to the agenda of the ACCUK, despite the fact that the closing date for resolutions had passed.³

Sir John Lubbock had made his point very decisively at his first annual general meeting as president of the London Chamber of Commerce in 1889. He declared that it was 'Lombard St. to a China orange' that the refusal of the U.K. to sign the third part of the Treaty of Paris in 1856, which exempted private ships from capture during a war, was one of the greatest mistakes ever made.⁴ Lubbock was evidently not in touch with the harsh realities of

1. Brassey, Papers and Addresses iv, 18.

2. CMB 1, 14 Feb. 1889; also CCJ Mar. 1889, 70.

3. The ACCUK would not allow this, the alternative was to hope that the meeting would agree to include it and to this end a circular was issued, CMB 1, 28 Feb. 1889.

4. The 8th Annual Report of the London Chamber of Commerce (1890).

modern warfare¹, but he was soon to be informed of the actual state of international relations. The Council, when it had agreed to Lubbock's resolution in February, had asked him to convey his proposal to Lord Salisbury and attempt to gain the Prime Minister's support for the idea. The result of this move was that Lord Lytton was consulted as to the French opinion on the matter, and he wrote to Lubbock in July pointing out that, as Britain had the largest navy and carrying trade of the major powers, none of the European powers would agree to free the British navy from the responsibility of protecting such a trade during war time.² Thus the London Chamber of Commerce withdrew its resolution on the Declaration of Paris from the autumn meeting of the ACCUK.³ Lubbock would on this occasion probably have agreed with sentiments Gladstone once expressed, 'The history of nations is a melancholy chapter; that is, the history of governments is one of the most immoral parts of history'.⁴

In his last presidential address to the London Chamber of Commerce in January 1892, Sir John Lubbock related the amount spent upon armaments to the depression of trade. Military expenditure was a blight on European prosperity in his opinion. His speech denounced not only the expenditure on arms, but the spirit which produced them. He considered that such a constant expectation of war to the knife inhibited spontaneous mercantile activity and was a fever dangerous to British trade.⁵

1. See p.184 above.

2. Hutchinson, op.cit. i, 275-6, 12 July 1889.

3. CCJ Oct. 1892 Supplement.

4. Cited by John Viscount Morley, Recollections (1917), ii, 55.

5. The Times, 25 Jan. 1893.

The United Kingdom as a whole would appear not to have supported the imperialism and jingoism of the Conservatives, as the general election in the summer of 1892 put Gladstone back in Downing Street.¹ While Gladstone was choosing his new cabinet, The Times was already expressing its fears for the British navy.² As 1893 began, the prospect of a future under Gladstone was almost unbearable for imperialists and jingoists. The Times greeted the new year with the opinion that there was a 'defect in national spirit'.³ Lord Meath, in an attempt to remedy such a state of affairs, had given money to London schools on condition that it be spent on the purchase of Union Jacks which would be paraded around the buildings at the head of a procession to the accompaniment of patriotic songs.⁴

The City saw a patriotic procession of its own in the spring. Led by Union Jacks and to the singing of patriotic songs, members of the Stock Exchange made their way to a meeting at the Guildhall to declare their opposition to home rule for Ireland.⁵ In July, Beresford was invited by the City to give vent to his feelings on the lack of organisation in British maritime defence.⁶ The City was once again taking the lead in creating an atmosphere of jingoism in England.

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1. The Times 20 July 1892, the totals were Gladstonian Liberals - 275, Parnellites - 73, Conservatives - 268, and Liberal Unionists - 46.
 2. The Times 16 Aug. 1892.
 3. The Times 5 Jan. 1893.
 4. Ibid..
 5. The Times 4 May 1893, 6; see p.206 above.
 6. CCJ (Commerce) 12 July 1893, 128.

There was a reason why the naval issue had to be taken up by the City at this time, it was not merely pandering to the whim of Lord Charles Beresford who happened to be back on shore with more ideas. The 1889-90 programme for building new naval ships had stated that the naval shipbuilding programme should 'be further considered not later than 1893 with a view to prevent any discontinuity in new construction and more especially to provide for laying down of new ships'.¹ If the naval expansion begun in 1885 was to continue its rate of growth, a Liberal Government led by Gladstone would have to be forced to carry out a fresh injection of public funds into the naval and armaments supply. This would have been no easy task at the best of times: the depression of trade during the early 1890s made the situation seem impossible.

However, the London Chamber of Commerce was better prepared for the work in 1893 than in 1892, having elected a Conservative as its president for the first time, Sir Albert K. Rollit.² At the City meeting in July, Beresford recalled how the London Chamber of Commerce had been

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1. CAB 37/22, 28, memorandum by White, 31 Oct. 1888. This point was made by Lord Hood in Parliament, Parl. Deb. (1893) 4th Series, xii, 1018, 16 May 1893.
 2. He had been chairman of the Council, but was not the Chamber's first choice as president. Judging by the number of years for which he held the office, he was not considered to be a bad choice. During Lubbock's second year as president, he agreed to ask Lord Rothschild to accept the office for 1890, but this offer was refused, CMB 1, 25 July 1889, and 10 Oct. 1889. Lubbock agreed to be president again for 1890 and 1891, but refused 1892, CMB 1, 10 Mar. 1891. Henry Hucks Gibbs M.P. and Lord Hillingdon were both approached but refused the office, CMB 1, 11 Feb. 1892. Lubbock agreed to fill the office for a final year.

instrumental in getting the Government to spend £20m in 1889. Glover explained to the meeting that Beresford was going to sea again and that he had put the matter once again into the hands of the City businessmen.¹

Beresford had suggested that in order to draw up something approaching a business-like policy in maritime affairs, an organisation should be formed of all those involved in the defence question. This was taken up by the London Chamber, which invited the Chamber of Shipping, the General Shipowners' Society, Trinity House, the Institute of Civil Engineers, and the Institute of Naval Architects each to send four delegates.² By October, this Maritime Defence Committee was to include representatives from the United Services Institute and from important British ports as well.³

While the London Chamber was organising its committee, the written naval propaganda was being put upon an organised footing. It has been suggested that the publication of Arnold-Forster's In a Conning Tower in 1888, launched stories on invasion scares beyond the reaches of monthly reviews and The Times⁴. In the summer of 1893 the whole question of popularising the British navy was taken in hand with the formation of the Navy Records Society.⁵ Its patrons were the Duke of Edinburgh and the Duke of

1. CCJ (Commerce) 12 July 1893, 128.

2. CMB 1, 21 July 1893. The CCJ (Commerce) 19 July 1893, had also supported the idea in its editorial, 'National Insurance'.

3. CMB 1, 12 Oct. 1893.

4. I.F.Clarke, Voices Prophesying War, 1763-1914 (1966), 50.

5. Hamilton, *op.cit.*, 118.

York, its president was Spencer, and its vice-presidents were Lord George Hamilton, Admiral Sir R.V. Hamilton, the Marquis of Lothian and Professor J.R. Seeley.¹ The aim of the group was to encourage the study of the British navy and produce histories of its past glories. This policy was successfully carried out.

In the autumn of 1893, the London Chamber of Commerce laid the basis for its naval agitation carefully, beginning with a resolution to the ACCUK. It was put to the Association by Arnold-Forster who had by then become a Member of Parliament:

This Association desires to record its emphatic opinion that - alike in the interests of preserving an adequate food supply and of maintaining as far as possible the ocean carrying trade in British vessels - it is of urgent public importance that the navy should be so strong as to put it in a condition of thorough efficiency to meet any reasonable claims that can be made upon it in time of war; the expenditure thus incurred being regarded by this Association as national insurance against risks, which, if not covered in time of peace, would, in case of war, be far more onerous.²

Having successfully obtained the endorsement of the ACCUK, the next step for the Council of the London Chamber was to agree officially that the navy was not adequate to defend trade routes, and then to establish a committee which would press for a larger navy.³ Arnold-Forster was an active link between the London Chamber and Parliament at this time.⁴ He also concerned himself with the press.

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1. Phipps-Hornby papers, PH1/120 D, 11 July 1893. Hornby was a member.
 2. CCJ (Commerce) 4 Oct. 1893, 622.
 3. CMB 1, 8 Nov. 1893. The proponents of this move in the Council were Arnold-Forster and J.J. Jackson with the support of Rollit.
 4. He had been working with Lord Walmer, General Sir George Chesney and Dilke in Parliament since early 1893.

His activities are recorded in a letter which he wrote to his mother the day after the London Council meeting:

I have been working hard about the navy - seeing people, arranging matters with The Times and completing my facts. Yesterday we succeeded in getting the Chamber of Commerce to take the matter up and we have appointed a committee which I hope will prove strong and active. I have had long talks about the present state of things with Balfour, Lord George Hamilton and many others. Balfour is admirable about it.¹

Beresford had left a copy of his proposed naval programme, which included an estimate of the number of ships required, with J.J. Jackson whom he had befriended in their early meetings in the City Conservative Club in 1888.² Jackson was elected as chairman of the London Chamber's new Naval Defence Committee and, despite a cautious warning from Colonel Hozier, the programme was read, adopted and circulated to members of the National Defence Committee for their private information.³ Jackson, however, sent the programme to The Times along with details of the Naval Defence Committee, and wrote that a prominent member of the opposition would bring the matter forward in the House of Commons at the instance of

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1. Arnold Forster, 109-110.
 2. GMB 1, Naval Defence Committee meeting, 17 Nov. 1893; see also Beresford's Memoirs (1914), 386.
 3. GMB 1, 17 Nov. 1893; present at this second meeting of the Naval Defence Committee were J.J. Jackson, Arnold-Forster, Sir Douglas Fox - a civil engineer elected to the Council in 1893, Colonel Henry Hozier - the secretary of Lloyd's, Capt. G.R. Vyvyan of Trinity House, Dr. Francis Elgar - naval architect and engineer elected to the Council in 1893, David Howard - a chemical manufacturer and ex officio vice-president of the Council, W.J. Thompson - a colonial broker, ex-vice chairman and future treasurer of the London Chamber, and S.B. Boulton - a merchant and a vice-president of the Chamber.

the London Chamber of Commerce.¹ The Defence Committee had also decided to convene a public meeting on the condition of the navy. Arnold-Forster produced a statement for use as a circular for the meeting,² which was set for 12th December.³ A pamphlet was also produced by the Committee setting out the facts on 'The State of Naval Defences', as collected by Arnold-Forster.⁴

The scale of the demands made by the naval movement upon the fiscal system of the United Kingdom were detailed by the The Economist, which had been so content with the 1889 Naval Defence Act. Although this journal did not support Gladstone's activity over home rule for Ireland,⁵ it did feel constrained to point out the extent to which the earlier defence acts had committed the future expenditure of the Exchequer.⁶ The constructions provided for in the 1888 Imperial Defence Act and the 1889 Naval Defence Act, had already been carried out, but they continued to drain the public purse to the extent of £1.429m and £0.57m respectively in 1894.⁷ The task which the City had

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1. The Times, 21 Nov. 1893, 9. For this Jackson was reprimanded at the next meeting of the Naval Defence Committee by Rollit and the chairman of the Council, Willans, GMB, 22 Nov. 1893.
 2. GMB 1, 22 Nov. 1893.
 3. Ibid., 27 Nov. 1893.
 4. A copy is to be found in the Arnold-Forster Papers, BL Add. MSS 50365, f101.
 5. Econ. 1 July 1893, 780.
 6. Ibid., 25 Nov. 1893, 1397.
 7. What seemed to annoy The Economist most, was the fact that those people who had assured the country in 1889 that the massive expenditure on shipbuilding would put the United Kingdom once and for all in a position capable of taking on two powers in naval warfare, were saying a few years later that a further large expenditure was necessary.

adopted appeared insuperable. If a Conservative Government in time of plenty had had to resort to the trick of build-now-pay-later, what hope was there for a Liberal Government burdened by those later payments to increase the expenditure still further?

Unlike The Economist, other City papers, such as the Financial News, were in favour of further naval expansion, and reiterated the insurance argument used by the London Chamber of Commerce:

It is all a matter of insurance, and the wise country is that which adapts its insurance to its risks. Ours are enormous and the country is prepared to pay the needful premiums while there is still yet time. The Navy is our insurance fund and the Admiralty the underwriter. Let it not fail to make the fund commensurate with the risks.¹

The Queen put pressure on Gladstone as she had done a decade before. Lord Rosebery, in his usual style of extremely exact politeness which he employed to excuse his inactivity, told the Queen that the initiative had to come from Spencer.² After further consultation with Rosebery,³ Queen Victoria sent Gladstone a letter which she instructed him to read to the Cabinet.⁴ In it she stated her belief that the supremacy of the navy would always be supported by the country, which would be opposed to economy when practised at the expense of 'the national force'. The existence of the British Empire depended upon such naval supremacy, she told Gladstone, and, although she considered herself no alarmist, no time was to be

1. FN 28 Nov. 1893.

2. Buckle, op.cit. ii, 319, 16 Nov, 1893. Rosebery Papers, 10065, Rosebery to the Queen, 15 Nov. 1893.

3. Buckle, op.cit. ii, 327, 24 Nov. 1893.

4. Ibid., 328, 7 Dec. 1893.

lost. Gladstone managed to gain time by being ill and so avoided calling the Cabinet together,¹ and Harcourt had, during that short illness, informed the Queen that the resolution which Lord George Hamilton was going to move in Parliament on the naval question, was to be treated as a vote of confidence.²

The meeting organised by the London Chamber of Commerce, which took place in the City on 12th December 1893, has been described more than once as the climax to the naval agitation of that year.³ There were more than half a dozen admirals and at least six important representatives of the military.⁴ The Lord Mayor was prevented from presiding by illness, so the duty fell to the president of the London Chamber of Commerce, Rollit. The resolution, urging the Government to increase the navy yet again, was put by C.T. Ritchie, an ex-Parliamentary Secretary to the Admiralty, and seconded by Lord Roberts. The Times coupled Hamilton's activity in the Commons with the City meeting, and described them as 'significant and even irresistible manifestations' of public opinion which the Government could not ignore.⁵

1. Buckle, op.cit. ii, 327, 12 Dec. 1893.

2. Ibid., 11 Dec. 1893.

3. P. Stansky, Ambitions and Strategies (1964), 19-20. Marder, op.cit., 194, gives a similar opinion. The Council of the Chamber considered the meeting to have been highly satisfactory, CMB 1, 14 Dec. 1893. It was reported in CCJ (Commerce) 13 Dec. 1893, 1032. A notice advertising the meeting was placed in the London morning papers on the Friday and Monday before, and 100 placards were placed in City and West End clubs and commercial exchange rooms, GMB, 4 & 7 Dec. 1893.

4. The Times 13 Dec. 1893, 12.

5. Ibid..

The City meeting and the call by the CCJ for patriotism to be placed before party,¹ although well supported by The Times, found no echo in the Manchester Guardian² which represented Liberal opinion in the north of England. Like The Economist, the Guardian had supported the 1889 naval expansion as a step necessary to ensure continued British supremacy, but the demand for another large building programme was seen as putting party before patriotism, since the likely result of such an expansion would, in the opinion of the Guardian, be similar increases in the French and Russian navies.

In 1885, Key had been against increasing the navy in one big programme, as he thought it likely to attract shipbuilding programmes in other countries.³ This new programme in 1893 appeared in that same light to Gladstone. He considered that if it went ahead, Britain would, for the first time, be joining the arms race which was taking place in Europe.⁴ He thought that such a move would be seen as a challenge by France and Russia.⁵ Faced with the resignation of the Board of the Admiralty,⁶ and the implacable reserve with which Rosebery treated the possibility of Gladstone resigning⁷, Gladstone ended his political career over this naval issue⁸, unable to accept the responsibility of leading Europe into an arms race.

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1. CCJ (Commerce) 13 Dec. 1893.
 2. Manchester Guardian 20 Dec. 1893.
 3. P.H. Colomb, op.cit., 453.
 4. Hamilton Diaries, BL Add. MSS 48662, 1 Jan. 1894.
 5. Ibid., 5 Jan. 1894.
 6. Marder op.cit., 199.
 7. Rosebery Papers, 10062, Rosebery, to Spencer 15 Jan. 1894, 'I replied . . . I do not believe in the crisis'.
 8. Ibid., Spencer to Rosebery, 18 Jan. 1894.

Rosebery, who took over as Prime Minister following the resignation of Gladstone, had long made his position on the navy clear, most notably at a speech given to the Leeds Chamber of Commerce in October 1888:

What class of the community is so much interested in the value and efficiency of our fleet as the commercial interest? We see daily discussions carried on by great experts in regard to the value and efficiency of our fleet . . . it means the existence of our trade in the case of war - and on the existence of our trade depends our existence as a nation . . .¹

Having married into the Rothschild family, and being a director of a bank, Rosebery was in touch with business opinion in the City²; and was evidently a man committed to the British Empire, as his work for the I.F.L. shows. His presence at the head of the Government ensured the continuity of Salisbury's foreign policy. This was his own view of his responsibilities as Prime Minister, as he explained to the Queen:

All that he can do, which some other Liberal ministers conceivably might not is, while pressing a Liberal domestic policy at home to take care that the interests of Her Majesty's Empire are maintained abroad.³

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1. Rosebery Papers, 10176, i, 1, Address on Foreign and Colonial Policy to the Leeds Chamber of Commerce, 11 Oct. 1888.
 2. His close relationship with the Rothschilds was a source of information in his work as foreign secretary, see for example regarding Egypt, *ibid.*, 10135, letter from Alfred Rothschild 9 Jan. 1894; regarding South Africa, *ibid.*, 10130, Rosebery to Rhodes, 27 Mar. 1894; regarding Germany, *ibid.*, 10100, n.d. catalogued as 1894, Nathan M. Rothschild to Rosebery enclosing a letter from Bleichröder; regarding Portugal, *ibid.*, 10096, Rosebery to Rothschild 15 July 1894. This was an aspect of his political work which he was aware could lead to possible public embarrassment, see *ibid.*, 10081, Rosebery to Granville, 12 Nov. 1884.
 3. Rosebery Papers, 10066, to the Queen, 14 May 1894.

The first meeting of the reconstituted Liberal Cabinet in March was mainly occupied by a discussion of the navy estimates, and it was agreed that 7 new battleships, 20 new cruisers, 40 new destroyers and 30 new first class torpedo boats should be built.¹ This programme provided solace to the business community, whose feelings Rollit had made clear to the House of Commons², but provoked a critical response from a member who represented very different interests. The founder of the Amalgamated Society of Carpenters, William R. Cremer, a Liberal, viewed the naval movement as contrived by a few mainly Conservative party supporters:

He had carefully watched the mode in which the scare had been manufactured. It began some months ago with articles in certain reviews. The cry was then taken up by Party organs; newspapers began to write about it; and one solitary meeting was held at the Guildhall in support of the proposal.³

Certainly, the success of the 1893 campaign would seem to be out of proportion to the energy that went into it. It is doubtful whether the City and Conservative promoters of the navy imagined that the result would have been the resignation of Gladstone as well as the new large shipbuilding programme. The explanation of the victory is probably to be found partly in the feelings raised by Gladstone's Irish policy and the consequences of such a policy for the British Empire, and partly in the effect of the increase in imperialism and the naval expansion which had already taken place during the 1880s. The British Empire having grown so rapidly, the need for a large navy

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1. Rosebery Papers, 10065, to the Queen 8 Mar. 1894.
 2. Parl. Deb. 4th Series, xix, 1829, 19 Dec. 1893.
 3. Parl. Deb. 4th Series, xxii, 732, 20 Mar. 1894.

was urgent in order to protect and consolidate those gains. As Ripon complained in a secret memorandum to Rosebery in 1892:

I have before me almost daily at the Colonial Office proofs of the enormous increase of our responsibilities involved in Lord Salisbury's Africa policy; responsibilities of vast extent, undefined in their character and far reaching in their consequences. From most of them we cannot now draw back.¹

The strength of support for the naval programme in the City², was probably increased by a dislike of Gladstone. Gladstone would have appeared, to the promoters of Empire and a strong British navy, to be the rallying point for those who opposed the expansion of Empire and navy. Though much was done to expand the Empire without going directly to Parliament, the cost of the colonies and the associated wars and naval armaments to protect them had to come before the Commons at some time. Gladstone represented the ideas and policies of the 1860s and 1870s when it was difficult to achieve any support for jingoism or imperialism. He stood for peace, retrenchment and reform; the reduction, not the augmentation, of taxation.

If Edward Hamilton is to be believed, the typical Liberal Unionist of 1888 saw Gladstone as the personification of all that was wrong or dangerous, and was haunted by fears that the rights of property were no longer safe in his hands.³ Nathan Rothschild saw him as

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1. Rosebery Papers, 10132, 25 Sept. 1892.
 2. There had also been some support from the Liverpool Chamber of Commerce which endorsed the action of the London Chamber with a resolution, CMB 1, 11 Jan. 1894.
 3. Hamilton Diaries, BL Add. MSS 48648, 21 Feb. 1888.

'a continual danger to the State'¹, and the talk against him in the directors' parlour of the Bank of England was very strong indeed.² When Gladstone was re-elected in the 1890s feelings must have been even stronger, as demonstrated by the burning of the Irish Bill in front of the Guildhall to the strains of 'Rule Britannia'. By August 1893, Edward Hamilton records that there was not a single director of the Bank of England who was politically friendly towards the Government.³ Gladstone's refusal to receive a deputation of influential 'Irish capitalists'⁴ could not have endeared him to the City business community. The only word for the feeling of the proprietors of The Times towards him was 'hatred'.⁵

What is surprising about the success of the Spencer programme, which envisaged spending more than £30m over five years and which regarded the British Empire and the British mercantile fleet as an integrated defence problem for the first time, is the fact that it did not quench the fervour of those who had been prominent in promoting it. Rosebery had taken care to ensure that Beresford was satisfied with the programme⁶, yet three groups were formed in 1894 with the express purpose of furthering the

1. Hamilton Diaries, BL Add. MSS 48647, 31 Aug. 1887.

2. See above, pp.247-8.

3. Hamilton Diaries, BL Add. MSS 48661, 11 Aug. 1893.

4. Ibid., 48660, 10 Mar. 1893.

5. Ibid., 48657, 3 Jan. 1892.

6. Rosebery had asked Beresford to call in to see him at the FO in February, even before he was Prime Minister, Beresford Papers, NMM, 21 Feb. 1894. Rosebery subsequently wrote to Beresford to ask him if the programme was satisfactory, *ibid.*, 21 Mar. 1894. He replied that it was, Rosebery Papers, 10092, Beresford to Rosebery, 23 Mar. 1894.

capability of the British navy. One was formed by the London Chamber of Commerce, one grew out of the I.F.L.; and the third was the Navy League.

The most important of the three was the Naval Defence Standing Committee of the London Chamber of Commerce, although it has received no attention from historians. The NDSC deserves pride of place as it first brought together all the promoters of the British navy. It was attached to a body which represented the enormous wealth and influence of the City, and which had already proved itself the only consistent promoter of a larger navy.

The NDSC was formed as a result of Rollit bringing a resolution before the Council of the London Chamber in March 1893. He suggested that the committee be composed of representatives from the chambers of commerce of the U.K., the Chamber of Shipping, and various co-opted members.¹ Rollit, Admiral Colomb, Goldie, Eardley-Wilmot and T.F. Blackwell met in June to form the committee, and they drew up a list of people who were to be invited to join. These included some admirals - Phipps-Hornby, Sir John Commerrell, Sir R. Vesey-Hamilton; a couple of military men - Lt.-General Sir Andrew Clarke and Commander G.R. Bethel MP; and representatives from the Chamber of Shipping, shipowners, Lloyd's, and the ACCUK.² The chief topic to which this new committee addressed itself was the question of the manning of the navy. The growth in the number of ships had created a manpower shortage. By November 1894 the NDSC, with Sir Geoffrey

1. CMB 1, 8 Mar. 1894; also CCJ Apr. 1894, 14.
 2. GMB 2, 20 June 1894.

Phipps-Hornby at its head¹, had formed a subcommittee on manning², and had sent out a questionnaire to naval officers asking for their views on the existing situation³.

The second group formed to promote the navy in 1894 was the Imperial Federation (Defence) Committee. The I.F.L. had dissolved itself at the end of 1893 by a bare majority on a postal vote.⁴ It was suggested that the defence group within the League had engineered its destruction⁵. The truth of this suggestion is borne out by the fact that the new defence group took the I.F.L. emblem and gave itself a name very similar to the League's. During August and September of 1894 a battle raged in the letter columns of The Times between the I.F.L. faithful - Labillière, Sir Frederick Young, and F. Faithful Begg, and the defenders of the new I.F.(D).C. - Sir John Colomb and its secretary, A.H. Loring who had also been the secretary of the I.F.L..⁶ The I.F.(D).C. was mainly concerned with establishing a secure imperial defence by encouraging the colonies to contribute more to the costs of such a policy.

The third naval group which formed in 1894, the Navy League⁷, is generally better known than the other two.

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1. He had been asked to join the committee by Admiral Colomb, Hornby Papers, PHI/120 D, Colomb to Hornby, 21 June 1894; see also Egerton op.cit., 393.
 2. GMB 2, 6 Nov. 1894; also CCJ Nov. 1894, 158.
 3. GMB 2, 22 Nov. 1894.
 4. Labillière, op.cit., 224; see p.213 above.
 5. Tyler, op.cit., 207, records the views of G.W. Rudsen who was present at the final meeting; see also the letter from Faithful Begg in The Times 11 Sept. 1894.
 6. All the letters were brought together in an I.F.(D).C. pamphlet, Under Fire (1895). A copy is to be found in the Arnold Forster Papers, BL Add. MSS 50356, f 783.
 7. Its records are kept at the headquarters of the Sea Cadet Association in London.

The idea for this organization originated in the pages of the Pall Mall Gazette. Spenser Wilkinson¹ had written articles on 'The Command of the Sea', which when published in the Gazette had elicited a letter from 'Four Average Englishmen' who declared their willingness to form a navy league along the lines of that advocated in Wilkinson's articles². A preliminary conference, of subscribers to the provisional fund and others, met in the Westminster Palace Hotel in December, when a resolution forming the League was passed and a provisional committee formed.³ The chair of this meeting was taken by Henry Cust MP, and Beresford sent an encouraging telegram.

The object of the Navy League was to secure a national policy of 'The Command of the Sea'. The first of its general aims was the spreading of information which demonstrated the vital importance to the British Empire of the naval supremacy upon which depended its trade, and national existence.⁴ The executive met weekly and the first general meeting of the Navy League was held in January 1895.⁵ The League was dependent for its

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1. Henry Spenser Wilkinson (1853-1937), fellow of All Souls, Oxford was on the staff of the Manchester Guardian 1882-92, and the Morning Post 1895-1914. He became Chichele Professor of Military History in 1909. His papers are at Aldershot, the Ogilby Trust, OTP 13. Further papers and printed works exist at All Souls, Oxford. His books include Imperial Defence (1891), and Thirty-Five Years (1933). His correspondence with Lord Roberts is in the Roberts Papers at the National Army Museum, London.
 2. Wilkinson, Thirty-Five Years, 189.
 3. Navy League Executive Minute Book, 1894-5.
 4. Ibid..
 5. Ibid., Jan. 1895.

influence, at least during its first few years of life, upon the personnel who made up the NDSC of the London Chamber of Commerce, and it had to turn to the City for its finances.¹

At the NDSC the main members of the committee at the end of 1894 were Phipps-Hornby, P.H. Colomb, and Sir E. Ommanney - all admirals, Captain Eardley-Wilmot, Lt. Crutchley, J.J. Jackson, Goldie, S.B. Boulton, Lt.-Gen. Sir Andrew Clarke, Maj. Flood Page, and Arnold-Forster. The committee was not large, but it included most naval propagandists of prominence both inside and outside Parliament. The main conclusions it drew from the replies received to the questionnaire on the manning issue were that the number of naval officers and men should be increased and a large naval reserve be trained.² These views were quickly passed on to the First Lord of the Admiralty by a private deputation from the London Chamber. The situation was considered to be too delicate for a public deputation.³ The resolutions which were presented by the deputation asked to know exactly how many men were employed in the navy, and forcefully made the point that no money was at that time allocated for technical training.⁴

The CCJ eventually published the news of the deputation in March in its editorial on 'The Naval Estimates'.⁵

1. See p.339 below.

2. GMB 2, 6 Dec. 1894.

3. Ibid., 8 Jan. 1895.

4. Ibid., subcommittee meeting. These two resolutions had been laid before the Council of the London Chamber in January, CMB 1, 10 Jan. 1895.

5. CCJ Mar. 1895.

It boasted of the influence the London Chamber had exerted on successive governments through its public meetings, and explained that such action was continuing 'quietly and unobtrusively' by means of the NDSC. According to the CCJ the main points put by the deputation were the maintenance of a strong navy as set out in the Naval Defence Act, the question of manning, and the defence of coaling stations, particularly Gibraltar.¹ The NDSC had been supported at the deputation by the chief officers of the London Chamber and members of its Council. Thus a new stage in the work of the London Chamber of Commerce towards a larger and stronger navy had begun. It was no longer only a question of keeping the naval programmes rolling with major campaigns every five years; now appeared the possibility of private annual deputations backed by detailed information from the navy itself, and served by a committee which could bring to bear the skills of the best naval propagandists in Britain.

The annual report of the London Chamber for 1893-4 referred to the history of the City's activity on the naval issue since 1885. The December meeting of 1893 was compared with the meeting of May 1888 in terms of the effect it had had on the Government of the day.² The report's description of the NDSC and its efforts to

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1. In the summer of 1894 the services committee in Parliament organised a deputation to Rosebery on the state of Gibraltar as a naval base and coaling station. This deputation was also kept as private as possible, Rosebery Papers, 10095, letter from Chesney, 28 June 1894, and printed memorandum *ibid.*, 10096, another letter from Chesney 10 July 1894 listing the 50 or more MPs in favour of the deputation.
 2. The 12th Annual Report of the London Chamber of Commerce, 25-27. It was also published in the CCJ May 1984 Supplement.

educate public opinion revealed that the first six of a series of pamphlets on the navy had already been issued under the auspices of the London Chamber.¹

The Navy League, by contrast, was a weak organisation dependent for its strength on the experience and influence of members of the London Chamber's NDSC. J.J. Jackson had been elected chairman of the executive of the Navy League at its first general council meeting in January 1895.² Spenser Wilkinson, having met Sir Geoffrey Phipps-Hornby at an NDSC meeting, was deputed by the League to invite Phipps-Hornby to become president of the Navy League,³ and he was elected to the post in February 1895.⁴ Captain Eardley-Wilmot also became a member of the Navy League's executive in February.⁵ Arnold-Forster kept in touch with the League⁶, as did Sir Charles Dilke.⁷

Such experienced hands in the game of naval propaganda, who also had contacts in the City, contrasted with the other Council members of the Navy League. For

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1. The 12th Annual Report, 54.
 2. Navy League Executive Minute Book (henceforth NLMB), 14 Jan. 1895.
 3. Hornby was absent from the next NDSC meeting, so Wilkinson had to invite him by letter, NLMB 8 Feb. 1895.
 4. Hornby agreed, NLMB, Organisation & Finance Committee, 15 Feb. 1895, and was elected at the adjourned meeting of the general council, *ibid.*, 21 Feb. 1895.
 5. *Ibid.*, executive meeting, 25 Feb. 1895.
 6. *Ibid.* 20 May 1895, and was probably one of the MPs who agreed to put questions on the naval question.
 7. *Ibid.* 13 May 1895. He helped them to form some sort of parliamentary committee which would ask prospective candidates whether they would pledge themselves on the naval question if elected, *ibid.*, 10 June 1895. This appears to have had little more than propaganda value.

example, when the Council wished to hold a public meeting in the City¹ J.J. Jackson, a member of the subcommittee formed to organize the event², had to explain that there could be no successful public City meeting until the League had established its credibility by attracting a sufficiently large number of subscribers.³ In this respect the Navy League was in a worse position than the I.F.L. had been nearly a decade before, as the I.F.L. at least had important politicians in its ranks even if it had few branches or subscribers.

Finance for the League, like that of the I.F.L., did not come from a large number of subscribers. Alfred Harmondsworth offered the League £100 if they could find nine other similar offers, and was also willing to help the League's propaganda by making his newspaper offices available for this purpose.⁴ The financial difficulties of the League, however, continued and the executive decided that the secretary should approach the City on the question.⁵ Without the support of the City and its existing naval propaganda organisation, the Navy League would clearly not have survived a year or more. It even relied on circularising the members of the London Chamber of Commerce in order to sell its literature.⁶

1. NLMB 28 Jan. 1895.

2. Ibid. 30 Jan. 1895.

3. Ibid. 21 Feb. 1895.

4. Ibid. 4 Feb. 1895.

5. Ibid. 20 May 1895; in July Admiral Cluse and Capt. Eardley-Wilmot agreed to approach Messrs. Barnato, Beit and Robinson on the subject of assisting the finances of the League, *ibid.* 7 Oct. 1895.

6. Ibid. 15 Feb 1895.

The reason for the existence of all three groups, which produced propaganda and lobbied for a stronger British navy, was not merely a reflection of the success of the 1893 campaign. There were important political and economic reasons why the idea of a strong navy needed to be preserved and promoted in the middle and late 1890s. On the domestic front, opposition to the increases in British armaments was beginning to form, the franchise had been further extended and the independent Labour Party was becoming a reality, while the costs of the previous naval programmes persisted and had to be brought before Parliament each year. In terms of imperial federation, the role of the Imperial navy was important in the relations between the U.K. and its colonies, and the promotion of imperial federation was associated with the possibility of devolving more of the costs of defence expenditure on to the colonial budgets. Internationally, foreign economic competition had increased, and in the jostling for political influence and economic advantage it was the strongest state which could afford to be the roughest and risk serious confrontation.

At its simplest, the domestic problem for those who wished to see a larger and stronger navy was the lack of public support for such a policy. Taxation was already relatively high, and the depression of the early 1890s had highlighted the limited potential of the British fiscal base. The Times reaction to such a state of affairs was to suggest a change in the constitution, and so place expenditure on the armed forces beyond the reach of democracy:

If the House of Commons and the country were not habitually hypnotised by party passions and influences, it ought to be an established axiom, a principle as indefeasible as the most sacred of constitutional doctrines, that the expenditure on new construction in our Navy should never in any year be less than that, not merely of any foreign navy, but of any two foreign navies. Such a principle should be regarded as the very palladium of our national security, above and beyond all party controversy, as the irreducible minimum of defensive preparations for our Empire and our commerce, and therefore as the inferior and impossible limit of economy, impassable alike by the Treasury, the Government, the Legislation, and even the country itself.¹

A practical way of doing this occurred to The Times a week or so later, the creation of a special Navy Stock to be placed upon the stock market which once launched would place the increase in the navy beyond the reach of immediate Parliaments.²

Until such a time came, the danger for promoters of the navy was that the lack of interest in imperial greatness, shown by the majority of voters, might turn into a positive desire for socialism or 'collectivism', such as was suggested at annual gatherings of the Trades Union Congress.³ This was the alternative direction in which voters might move. Strikes, 'the suicidal conflicts between capital and labour'⁴, were conspicuous at this time, and the Old Age Pension Bill reached a second reading in Parliament⁵. More people were on poor relief in London in the winter of 1893-4 than had been the case for the preceding 21 years.⁶ The Times feared that money

1. The Times 5 Jan. 1894.

2. Ibid. 16 Jan. 1894.

3. Ibid. 8 Sept. 1894. This editorial was prompted by a meeting of the TUC in Norwich at the time.

4. Ibid. 16 Jan. 1894.

5. Ibid. 5 Apr. 1894.

6. Ibid. 26 Dec. 1893.

would be spent upon 'popular boons to powerful classes' instead of the 'business-like' management of imperial defence.¹

In order to ensure that the majority of electors voted for the navy it was necessary that a spirit of nationalism be fostered, or at least be presented as an alternative to socialism. Rosebery, as Liberal Prime Minister, declared the 'little-England faction' in the Liberal party dead. He hoped that the working class would be interested in the maintenance of the imperial system and British commercial supremacy, and inspired by the animating sentiment of national pride and national duty.² When Parliament was dissolved in the summer of 1895, the Conservative Party and Liberal Unionists were presented as 'the National Party . . . massed beneath the Union Jack'.³

The Conservatives and the Liberal Unionists were well-organised for the 1895 general elections, in the sense that nowhere did a Liberal Unionist and a Conservative stand for the same seat. This gave them seventy-six uncontested seats.⁴ What The Times called 'a revolt against the "New Radicalism"'⁵ resulted in an overwhelming

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1. The Times 23 Jan. 1894.
 2. Ibid. 26 Oct. 1894.
 3. Ibid. 8 July 1895.
 4. Ibid. 15 July 1895.
 5. Ibid. 19 July 1895.

victory for the Conservatives and their allies.¹

The Navy League Journal began publication at 2d. a copy during the summer, just before Parliament was dissolved. The League had already published a great mass of literature, which included leaflets addressed to the working man, such as 'England Expects'.² After the success of the Conservative and Unionist parties at the polls, it was the Navy League which launched the idea of placing a wreath before Nelson's Column on Trafalgar Day.³ Within a few years the League sought to capture completely the area around the column in Trafalgar Square from 'politicians, socialists, and professional agitators' and have them banned from using the plinth of the column as a platform for their meetings.⁴ Arnold-Forster had already succeeded in persuading Parliament to carry out the novel idea of flying the Union Jack over the Victoria Tower.⁵ In 1896 several London Clubs agreed, at the suggestion of the Navy League, to hoist Union Jacks on Trafalgar Day.⁶

The elections might have put the national party into power with a large majority, but they had not brought an

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1. The Times 31 July 1895,

Conservatives - 340)	Unionists 411
Liberal Union - 71)	
Radical - 177)	Separatists 259
Anti-Parnell - 70)	
Parnellites - 12)	

The Times 26 July 1895, called it the most decisive victory since 1832.
 2. NLJ, No. 1, July 1895.
 3. The idea originated from Arnold White, NLMB 7 Oct. 1895. The Mayor of Dublin was asked to place a wreath on Nelson's Column in Dublin in the following year, NLMB 1 Sept. 1895.
 4. NLMB 25 Sept. 1899, Arnold White again.
 5. Arnold-Forster, 96.
 6. NLMB 19 Oct. 1896.

end to the need for the promotion of nationalism if an already strong navy was to be strengthened. The Times had warned in October 1895 that the country should remember that the social democrats and the Independent Labour Party were sure to recover from their defeat at the polls.¹ The long drawn-out struggle between employers and the shipbuilders in Belfast and the Clyde over the attempt to decrease wages lasted throughout the autumn and on into the winter.² The war message from President Cleveland on the question of the Venezuela boundary, and the telegram sent by the German Kaiser following the Jameson Raid early in the new year came, according to the Bankers' Magazine,

at a very opportune moment for strengthening the hands of the British Government. The nation has been thoroughly roused by it, and newspapers of all political shades have joined in repudiating the Kaiser's claim to a right to interfere in the Transvaal; and the necessary measures for strengthening the fleet and land forces will now be arranged without any opposition.³

Even more fortunate for the Government was the £4m budget surplus, mainly as a result of the first annual collection of the new estate duties, with which it could easily pay the £21.75m navy and the £18m army estimates.⁴

Despite such advantages, voices raised in opposition to the escalating expenditure on armaments began to find organisations to support them. The demonstration in Hyde Park at the end of July, preliminary to the International

1. The Times 12 Oct. 1895.

2. Ibid. 16 Oct., 13 Nov., 12 and 28 Dec. 1895; and 23 Jan. 1896.

3. BM 1896, 194. A naval squadron was sent to Delagoa Bay, The Times, 8 Jan. 1896.

4. The Times 1 Apr. 1896.

Congress of Socialist Workers and trade unionists, had at the top of its list of resolutions and statement that the object of war was the control of markets.¹ In March an organisation had been formally constituted to act 'as an effective antidote to the Jingo, the militarist, and the sham-patriotic sentiment' by a different group of the British public.² The Increased Armaments Protest Committee wished to arrest the expansion of Empire for its own sake, to suppress the Jingo spirit in Whitehall and on the fringes of the Empire, and to create closer ties with the U.S.A. and France.³ It pointed out that, if war debt was included in the calculations, three-quarters of the existing public expenditure was spent on the costs of past wars or preparations for new ones, the annual expenditure on the navy having more than doubled since 1884.⁴ The committee was not against patriotism, but against spending money to help fill the pockets of 'concession-hunters, company-promoters, and stock-exchange gamblers' and the wealthy classes, rather than spend it on much-needed domestic reforms.⁵

Although the Protest Committee talked of 'a conspiracy of financiers, speculators, politicians and aristocrats'⁶ it was not against Empire, patriotism or

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1. The Times 25 July 1896.
 2. Increased Armaments Protest Committee, Empire, Trade and Armaments (1896), 1. The president of the group was R. Spense Watson, Esq. LL.D., its executive included three MPs - Sir Wilfred Lawson, H.J. Wilson, & R.A.Allison, and a number of ministers of religion.
 3. Ibid., 4.
 4. Ibid., 7.
 5. Ibid., 24.
 6. Ibid., 1.

Christianity¹, and may be contrasted with the sentiments of the Labour Leader, the ILP's newspaper, which characterised the expanding British Empire as an economic venture facilitated by missionaries, explorers and the armed forces². The Labour Leader suggested that if peace was to be preserved capitalism should be put down before militarism.³

The fact that by 1896 expenditure on the navy was becoming simply a race with other countries, was clear even to those who were for Empire and a strong navy. This was reflected in a Punch cartoon at the end of the year which depicted Neptune auctioning the command of the Sea. The caption was 'Going One Better'. France, as Marianne, had just bid £8m and the reaction of John Bull was to bellow, 'Guineas'.⁴

When Joseph Chamberlain at the Colonial Office began to talk of the colonies as vast estates to be developed, the CCJ immediately took up the subject of this 'New Forward Policy', and while it was cautious about who should take on the responsibility of developing the colonies, there was one aspect of the forward policy about which it was in no doubt - the Imperial Naval Policy.

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1. Interestingly, it distinguished between the British economic and political empires, making the point that the British Empire, for all the expenditure it demanded, had not attracted more trade than had the economic empire, *ibid.*, 21.
 2. Labour Leader, 5 May 1894, 7.
 3. *Ibid.*, in the context of the Russian Czar's proposal for a peace conference.
 4. Punch 19 Dec. 1896, 290.

The development of the national estate would be mere futile effort, unless there is carried out to the full, in actual practical effect, a well-ordered policy of defence - favoured alike by the Mother Country and the greater colonies. Absolute security against hostile aggression for all the provinces and the pathways of our Empire, will alone establish and enhance that sense of integrity and that prestige without which the profitable development of our great Empire is a sheer impossibility.¹

In 1896, the London Chamber began to employ more forcefully the food supply argument for a stronger navy. Protection of the nation's food supply in time of war was a potentially emotive point upon whose importance all inhabitants of the U.K. would agree. The topic was taken up at the instigation of a formal letter from Lloyd's², although the Council of the London Chamber had already agreed to the NDSC forming a subcommittee on the topic before the letter from Lloyd's arrived.³ Circular letters were sent out to gather information on the question.

Beresford gave a speech to the Liverpool Chamber of Commerce in August which even The Times considered to be alarmist.⁴ The main point of the address was the manning levels of the navy, and Beresford demanded a public inquiry into the matter, declaring that if businessmen ran their businesses as the navy was run they would be bankrupt within three months.⁵ The Liverpool Chamber naturally turned to the City for support on the issue⁶, and Jackson presented a resolution to the Council of the

1. CCJ Nov. 1895.

2. GMB 3, 6 Feb. 1896.

3. CMB 2, 9 Jan. 1896. The implication of this is that the matter had already been communicated privately.

4. The Times 31 Aug. 1896.

5. Ibid.

6. CMB 2, 8 Oct. 1896.

London Chamber in November.¹ In December the Council agreed that Goschen should be asked to accept a deputation from the City,² and the NDSC met to arrange the details.³

Despite Goschen's initial attempt to put off the deputation,⁴ he eventually agreed and the NDSC brought together its information on the food supply, manning levels and the training of the reserve, not forgetting 'an efficient programme of shipbuilding'. The deputation was introduced by Rollit. Jackson, Arnold-Forster and Edward Lee attended as members of the NDSC, with Lord Chelmsford representing the Royal Institution and Captain Crutchley the Royal Naval Reserve.⁵ Jackson reported back to the Council that the Chamber had every reason to be satisfied with the manner in which the deputation was received.⁶ The deputation was a confidential affair, following the precedent established under the previous Government.⁷ It seems at this time that the NDSC of the London Chamber was almost an accepted advisory body to the Admiralty, representing, as it did, most of those interested in promoting the strength of the British navy.

In March the London Chamber met to receive an address from Stanley Machin on the 'Food Supply in Time of War'⁸. Machin was chairman of the Bakery and Allied trades

1. CMB 2, 12 Nov. 1896; also CCJ Nov. 1896, 209.

2. CMB 2, 10 Dec. 1896; also CCJ Dec. 1896, 233.

3. GMB 3, 21 Dec. 1896, 12 & 22 Jan. 1897.

4. GMB 3, 21 Dec. 1896.

5. CCJ Feb. 1897, 43.

6. Ibid., 42.

7. The 15th Annual Report of the London Chamber of Commerce, 11.

8. CCJ Apr. 1897, 82. It took place on 17 Mar. 1897.

section of the London Chamber. The chairman of this meeting, Marston, was chairman of the Preserved Food trade section. A resolution urging the Government to consider the question of the national food supply was passed and subsequently sent on to the First Lord of the Admiralty.¹ In the same month the Navy League Journal published an article aimed at boys in elementary schools, to whom it explained that a weak navy meant no supper, no breakfast, no work or very low wages.² The British boy was told that in order to avoid such a catastrophe he could help by taking the article home and begging his mother or father to read it. In the following month a resolution was passed in the Commons which was very similar to that proposed at the meeting of the London Chamber, namely that the possible danger to the food supply during a war deserved the attention of the Government.³ The Economist, which was in no mood to let even a hint of protectionism pass unchallenged, condemned the resolution as an ingenious creation of the protectionists and put forward the very argument which those in the City who had promoted the issue wished to hear:

All we have got to do, to make ourselves secure, is to maintain our supremacy at sea. As long as we command the sea, we may quite as safely eat Russian or American wheat as that of our own ploughlands.⁴

Thus an argument had been established for having a strong navy which would stand as long as Britain continued to import a substantial portion of its food supply, and

1. CCJ Apr. 1897, 93.

2. NLJ Mar. 1897, 11.

3. NLJ July 1897, 9.

4. Econ. 10 Apr. 1897, 527.

which could be employed to strike fear into the hearts of every man, woman and child on the islands. Discussions over the importance of the Empire might come and go, but there was little chance of arguing that bread was not something which was well worth defending. A rise in the price of bread had been enough to start bread riots in other countries, and was a matter of daily importance to the working class in the U.K.. The use of the food supply argument in the promotion of a larger navy was a masterly stroke in the campaign to make the naval expenditure palatable to that substantial section of the British working men who had a vote. It was one which Beresford was quick to adopt and preach to the East End workers.¹

It might be argued that the naval review of 1897, which marked the Queen's Jubilee², also marked the high point of British power and dominance in the world. At the annual general meeting of the London Chamber of Commerce, the state of the navy was described as one of the most important questions affecting the trade of the U.K..

Everyone felt that the British Navy ought to be not only the strongest in the world but strong enough to resist attacks from any other two or three foreign navies combined.³

Lord Salisbury, as a guest at the thirty-seventh annual banquet of the ACCUK held in February, felt able to paraphrase the much-quoted speech which Chamberlain had given to the Birmingham Chamber of Commerce in the

1. NLJ June 1897, 4. His address to the workers of Canning Town took place on the 22 May 1897.

2. Marder, op.cit., 281.

3. CCJ Apr. 1897.

previous October.¹ It is a declaration which does not receive the same attention from historians as does Chamberlain's, despite the fact that the latter was only the Colonial Secretary and was addressing a single Chamber of Commerce in his constituency whilst Salisbury, as Prime Minister and Foreign Secretary, was addressing the annual meeting of all the chambers of commerce of the U.K.. It was a speech of conviction in the absolute importance of British business abroad to the formulation of foreign and war policy:

I believe that all machinery, at all events of the external part of our Government, is in its intention and its object directed for the purposes of maintaining and facilitating British trade. (Hear, hear). We have heard, and we rejoice at the great achievements of our Army and Navy, how they have never failed us under any stress to which they may have been put. But the object of all this action is that the various parts of the world may be kept open to the exploration, to the industry, to the enterprise of Britons; may be saved from that encircling band of hostile tariffs which causes us to know, when we hear that a territory has fallen into foreign occupation, that it is really robbed from British trade.²

What must other businessmen and politicians in other countries have thought when they read such declarations? Their conclusions might have been somewhat similar to those reached by the Militär Wochenblatt a couple of years before when it reviewed the writings of Spenser Wilkinson:

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1. CCJ Nov. 1896, 201, Chamberlain's speech had begun: 'All the great Offices of State are occupied with commercial affairs. The Foreign Office and the Colonial Office are chiefly engaged in finding new markets, and in defending old ones. The War Office and Admiralty are mostly occupied in preparations for the defence of these markets, and for the protection of our commerce.'
 2. CCJ Mar. 1897 Supplement.

Through all his writings runs the endeavour to restore its old greatness to his country. He makes no secret whatever of this, and aims at nothing less than making England so powerful that she would be not only independent of all other States in all situations, but also in a position everywhere to speak with a decisive voice. This amounts to little less than the dominion of the world . . . ¹

Certainly, the fact that the Anglo-Belgium and Anglo-German commercial treaties of 1862 and 1865 were not renewed in the month following the naval review of 1897 suggested to Kaiser Wilhelm the ruin of German business, and he concluded that a German fleet should be built without delay.²

The German navy scheme was announced in the autumn,³ and the reaction of the London Chamber of Commerce was to prepare a statistical comparison of 'Navies and Commerce'⁴. On the basis of naval expenditure in relation to the tonnage of mercantile shipping owned, the figures for France, Germany and the U.K. were compared. It was calculated that around 0.8m tons of merchant shipping were owned by French businessmen and the French state spent £10.75m a year on its navy; Germany spent less than half of that, £4.2m, protecting nearly twice the tonnage of merchant shipping, 1.5m tons; the U.K. was spending £21.25m a year to protect 8m tons of shipping. The Journal emphasised the fact that the U.K. only spent twice as much as France on merchant shipping tonnage which was ten times as large as that of France. A new target for

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1. NLJ Oct. 1895. The Militär Wochenblatt was the leading German military paper.
 2. Sir E.L. Woodward, Great Britain and the German Navy (1964), 25.
 3. Ibid., 28.
 4. CCJ Nov. 1897.

British naval expenditure was arrived at by taking the changing German situation into account:

But with the growth of the German mercantile marine, it will perhaps be as well to expand our expenditure to 26 millions . . . particularly when the German Empire is being urged to adopt a 'Naval Programme' of some magnitude.¹

At the beginning of 1897 the CCJ had criticised the outcry against German economic competition as exaggerated, using in its argument statistics based on the amount of foreign trade per person for each country. Belgium came first with £341 of trade per person, the U.K. next with £161.5, followed by France with £91.3 and Germany with £71.4.² The comment ended with a warning that as German industry was well-organised, and the German state was prepared to give assistance for the development of German foreign trade, the competition with Germany was only beginning. By the end of 1897 from a naval point of view, the CCJ had demonstrated that this competition had begun in earnest and for that reason the British navy should be expanded further.

The relationship between business interests and the strength of the navy was not limited to the obvious need for the protection of shipping and trade, and the intimidation of distant natives when they objected violently to the behaviour of the British within their territories. The degree of security which the navy provided was reflected in the prices offered and taken in the City. Apart from the question of insurance premiums, which were

1. CCJ Nov. 1897.

2. CCJ Jan. 1897.

directly affected by the threat of war, there was the general and elusive notion of credit.

Credit was based on confidence, and it was this broad aspect of City business life which reflected the strength of the state's armed forces in a sensitive way. This relationship between financial credit and national credit had been commented upon by the CCJ at the time of the Delagoa Bay incident in 1889:

The profits of capital being constantly reduced, both on commercial investments and on securities, its holders are becoming more enterprising than ever, and are constrained to go further afield in search of higher remuneration. This is the origin of the speculative movement of modern times . . . This movement deserves to be recognised in its full significance by Her Majesty's Government. The power and status of the British Empire depends fully as much on its financial strength as on its industrial resources . . . Credit is the basis of all modern commercial operations, whilst national credit is fully as valuable to the individual as to the community.¹

The relationship was here presented as reciprocal. The argument presented regarding Delagoa Bay, was that the British Government should be prepared to carry out similar protection of British financial investment anywhere in the world regardless of the rights of sovereignty. The claims of capital investment were to supersede the political claims of sovereignty. While this simple rule was not officially recognised, the British Government was committed to protecting British life and property abroad, and its ability to do this was partially reflected in the prices of overseas investment stocks and shares.

The success of the City's campaign for a larger navy had a continuously-multiplying, positive effect upon City

1. CCJ July 1889.

business. The more secure and confident the investor and businessman in the ability of the state to cushion them from the unpleasant, unexpected hindrances to their growing prosperity and profits, the more active and enterprising their behaviour. As British capital and entrepreneurs pressed further afield so a larger navy was more necessary, as the armed forces available increased so could confidence and enterprise expand also. This is not to say that the strength of the state's armed forces was the sole factor in business calculations, but in an age of imperialism and fierce international competition it was a major consideration which was essential, if not sufficient, to ensure the growth of the City's economic interests abroad.

By 1898 the City had helped to create a state of naval preparedness and growth which achieved that sense of security Rollit had referred to at the defence meeting of a few years before as 'that confidence which is the very basis of our commerce'.¹ In January Sir Michael Hicks-Beach had declared that even 'if necessary at the cost of war that door shall not be shut' against British merchants and enterprise in China by the other powers². The Spanish-American war later in the year was viewed with equanimity, considering that 80 per cent of trade with the Phillippines was conducted by British businessmen.³ This composure, this confidence, was the prize which years of campaigning for a larger navy had won.

1. CCJ (Commerce) 13 Dec. 1893, 1032.
 2. ~~Marder, op.cit.~~, 303; see p.270 above
 3. CCJ Apr. 1898.

This body has occupied itself with the problem of national defence as far back as 1888, and the Chamber may legitimately claim some share in the preparation of public opinion which demanded and obtained the passing of the Naval Defence Act, whereby our naval and other defences have been so far improved that both the late events in China and the present Americo-Spanish complications have taken place without raising any anxiety in the mind of the British public, and even with a minimum of disturbance to that most sensitive of financial barometers, the London Money Market.¹

The year which marked this great demonstration of the business advantages of a powerful navy, also saw the relationship between the City and the navy symbolised by the building of a new first class battleship, the London, and for the first time in the annals of the City Corporation a Lord Mayor of the City officially entertained representatives of the Royal Navy at a banquet at the Mansion House.²

The naval estimates for 1898 recognised the German navy as a new factor in the calculation of British defence capabilities, as was the French penchant for cruiser-construction.³ It was, however, the activity of the Russians in the spring of 1898 which most alarmed the Admiralty and caused a supplementary building programme to be proposed by Goschen.⁴ Fear that the Conservative and

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1. CCJ Apr. 1898. Compare this with the situation a dozen or so years previously when the price of Russian securities had dropped 15 per cent, BM 1885, 473.
 2. R.J. Hayward, 'London and the Royal Navy' Transactions of The Guildhall Historical Association, Dec. 1950, 68. There is no mention made by Haywood of the public meetings or the committees of the London Chamber of Commerce of the 1880s and 1890s.
 3. CAB 37/46,20, 17 Feb. 1898, Navy Estimates and shipbuilding programme 1898-9, 3-4. The programme consisted of three battleships, four large command cruisers and four sloops.
 4. CAB 37/47,39, 6 June 1898, Russian naval construction.

Unionist Government were not going to introduce this supplementary vote in order to meet the Russian expansion prompted the NDSC to pass a resolution and ask that the London Chamber send a deputation to Goschen.¹ The interest in the condition of the navy was maintained by the Chamber inviting Brassey to speak on 'The Manning of the Navy and the Mercantile Marine', which he did in July.²

The Navy League, meanwhile, was not faring too well. It had not made much headway, except through the good offices of the prominent members of the NDSC. Beresford had refused to be its president in 1896.³ The City meeting which the League desired to convene had been arranged eventually by J.J. Jackson, who secured the assistance of Beresford to provide an address on the Navy League⁴, and the agreement of Rollit to chair it,⁵ but the formation of a branch of the Navy League in the City was postponed.⁶ Nonetheless, substantial financial support was obtained from a number of City Livery Companies.⁷ The League was considering merging with the Unity of Empire Lecturers, or the British Empire League, in 1896⁸ and was clearly not standing on its own feet with any real

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1. GMB 3, 16 June 1898. The idea of a deputation was firmly rejected by Willans as chairman, but the meeting supported an address to be given by Brassey.
 2. Ibid. 5 July 1898; also CCJ July 1898, 147.
 3. NLMB 24 Feb. 1896. Hornby had died and Vesey Hamilton had taken over the post as chairman of the executive, NLMB 20 May 1895.
 4. Ibid. 9 Mar. 1896.
 5. Ibid. 16 Mar. 1896.
 6. Ibid. 5 July 1897. J.J. Jackson had also asked the NL to join the London Chamber's deputation to the Admiralty, *ibid.* 7 Dec. 1896.
 7. The Annual Report of the Navy League for 1897.
 8. NLMB 16 Mar. 1896.

confidence. Branches had been formed in Liverpool and Glasgow in 1896 and 1898 with the help of Beresford and the local chambers of commerce,¹ but at the end of the decade it was having more success founding branches in public schools.² In contrast the German Navy League had attracted over 14,000 members from hundreds of cities and towns in its first year of existence.³

The most effective piece of work which was carried out under the auspices of the League in the late 1890s was the conference held at the Royal United Service Institute in June 1898, which was convened to consider the position of the U.K. in case of war with regard to the adequacy of the navy and the food supply.⁴ At the conference, most of the topics which had been raised in the previous fifteen years were addressed by most of the major figures who had contributed to the naval movement during that time.⁵

The subject of the food supply to Britain had been taken sufficiently seriously by the Government, in the summer of 1898, for a memorandum on the subject to be prepared for the cabinet by C.T. Ritchie.⁶ The conclusion which Ritchie arrived at, leaving aside the unlikely event

1. NLJ Apr. 1896, June 1898.

2. In 1900 it had branches in Harrow, Malvern College, Merchant Taylors' and six other schools, NLJ Jan. 1900. In May 1899, the total number of branches in the U.K. had only reached 31 and in the colonies 10, NLJ May 1899.

3. NLJ Feb. 1899, 25.

4. Minutes of the Proceedings at the Navy League Conference . . . (1898).

5. With the exception of Beresford. Sir John Colomb spoke on 'Coaling Stations' and John Glover on the 'Insurance of Ships', Crutchley, Arnold-Forster and Dilke also spoke amongst others. Hozier of Lloyd's was present.

6. CAB 37/47, 40, 9 June 1898, 'Food supply in time of war'.

of a blockade of the U.K., was that corn would still get through during war time but at a higher price, and that it was wiser to trust to the Admiralty's arrangements than involve the country in any special measures. This was the opinion of the London Chamber of Commerce also, and a letter from the Agricultural Committee for a National Wheat Store drew no response from its Council.¹

The Imperial Federation (Defence) Committee had not been meeting with much support since its formation. The Committee had suggested that the self-governing colonies

should be invited to consider the propriety of their contributing to the maintenance of the Royal Navy, on the understanding that steps will be taken to afford them a share in its administration corresponding to their contribution.²

Lord Salisbury's comment on this proposal referred to the 'evil of a divided control of the Navy'³ and The Times in stronger language concluded that the Committee's scheme would 'shatter the whole fabric of the British Constitution from top to bottom'⁴. It would have been easier, in the opinion of The Times, to create a Zollverein than a Kriegsverein,⁵ thus completely reversing the arguments of earlier years.

The 1897 Colonial Conference was a disappointment for the I.F.(D).C. because the assembled representatives could

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1. CMB 2, 13 Jan. 1898. Edward Lee of the Bakery trade section had put the resolution of his section, which recommended the formation of a National Reserve of Food, to the NDSC, GMB 3, 8 June 1898, but he twice failed to attend subsequent Council meetings to press the point, CMB 2, 7 & 28 July 1898.
 2. The Times 2 Oct. 1895.
 3. Ibid. 7 Sept. 1895.
 4. Ibid.
 5. Ibid., 2 Oct. 1895.

not even agree on a stronger imperial defence.¹ The British Empire League, constituted by the City, seemed to have been more effective in promoting the defence aspect of imperial federation at this time. Goschen received a deputation from the League in the summer of 1898, which impressed upon him the desirability of enrolling colonial seamen in the Royal Navy Reserve.²

The Peace Conference held in the Hague in May 1899 brought the familiar paradoxical argument from the City; on the one hand a policy of the peaceful settlement of international disputes, on the other an urgent warning that the U.K. could not 'slacken its efforts to make its defensive forces as nearly as possible invulnerable'.³ The guarantee of peace was only one aspect of the importance of maintaining large armed forces, as the president of the London Chamber, Albert G. Sandeman, made clear at the annual dinner in his euology to the principal guest, the Duke of Devonshire:

. . . we owe it largely to his Grace personally (as President of the Committee of National Defence) that measures have been taken by the Government by which our Navy and Army are in a stronger and better position now than they have ever been before, both as regards efficiency and adequacy. This is at once a guarantee for peace and an assurance (the cost of which the commercial community have never grudged) for the maintenance of our material interest in all quarters of the globe, which are bound up in our continued commercial prosperity. (Cheers).⁴

The City's main concern was the economic reality which lay behind the delicate balancing of diplomacy. As the CCJ

1. Kendle, op.cit. 29.

2. United Empire vi (1915), 341.

3. CCJ June 1899 'Peace and Commerce'.

4. CCJ May 1899, 83.

was to say amidst the strife of the second South Africa war,

It is being realized, especially amongst the commercial community, that 'British prestige' is no empty phrase, but must be maintained at all costs, as any loss in this respect must react on those material interests which lie at the base of our commercial supremacy.¹

The outbreak of the war in South Africa in 1899 raised new questions about the state of the country's armed forces. The Times published a letter from Sir J. Wolfe Barry, who asked what the result would be if something untoward were to happen in India, China or Egypt whilst the U.K. was engaged in the conflict with the Boers.² Comparing the state's armed forces to business capital, he described the existing state of affairs as one in which the nation was trying to carry on a largely increased business with insufficient working capital. His suggestion was that a movement should begin amongst the influential classes in the City to organise a representative committee to study the question systematically, with the help of the press. His own immediate solution was to increase the army by 100,000 men.

The NDSC of the London Chamber met a fortnight later to put the suggestion into operation³, a task to which it was perfectly suited by experience. Representatives were invited from the other chambers of commerce - three from the ACCUK and one each from Liverpool and Glasgow - and in order to adapt itself more completely to the work it changed its name from the NDSC to the Naval and Military

1. CCJ Feb. 1900, 'War and Commerce'.

2. The Times 8 Nov. 1899.

3. GMB 3, 30 Nov. 1899.

Defence Committee. The action was approved by the Council¹ and the CCJ took up the issue in the spring of the following year.²

The strategy of the new committee was to give no publicity to the matter until the war in South Africa was over, and then to insist on a thorough enquiry by businessmen into the administration of the government which had brought the situation about.³ This decision did not prevent the London Chamber from keeping up its tradition, formed in the 1890s, of sending a deputation on the state of the navy to a new government when it formed.⁴ Neither did it inhibit the London Chamber from celebrating its most frequent speaker on naval issues, Lord Charles Beresford. A complementary dinner was given in his honour in January 1900, at which he took the opportunity of indulging in reminiscences and recording the debt which he felt was owing to the London Chamber of Commerce for its role in the naval movement of the last two decades of the nineteenth century.

I remember well the time when Admiral Hornby and one or two other naval officers, including myself, came to the London Chamber of Commerce and read certain papers showing the strength of the fleet as it was. But the line we took as naval officers, would have been of no great avail in this country without the support of one of the great Chambers of Commerce, devoid of party feelings - (hear, hear) - with thoroughly national ideas, and composed of business men, not content with mere broad statements but wanting to know why these statements were made. (Cheers). A Community of that sort, having taken up the agitation, impressed its importance upon the minds of the people; and as the London Chamber of

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1. CMB 2, 11 Jan. 1899.
 2. CCJ Mar. 1900, 'National Defence'.
 3. GMB 3, 21 Dec. 1899.
 4. GMB 3, 7, 28 & 30 Jan. 1901.

Commerce undertook the duty, it is primarily to the action of the London Chamber of Commerce that we owe the present satisfactory condition of Her Majesty's Fleet. (Cheers).¹

As the City looked forward to the new century, and the competition and possible conflict which lay ahead, its resolve to dominate world business remained as strong as ever, if not stronger than it had been twenty years before when the idea of a vigorous imperialist policy and a hugely-expanded navy were considered unlikely possibilities. It looked forward to a time when nations would fight not with the sword or the rifle but through the medium of the Custom's Office,² 'a commercial conflict the end and full results of which cannot be forecasted'³. Whatever the challenge the City was not to be deterred, 'every nerve must be strained, not only to maintain our present trade supremacy, but, as far as possible, to develop and expand that supremacy'⁴ The only way in which the City would feel such business expansion to be safe would be, no doubt, through the further expansion of the British Army and the Navy.

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1. CCJ Feb. 1900, 7; reprinted in No. 35 of the London Chamber of Commerce Pamphlet Series, a copy of which survives in the Naval History Museum, P.292. Beresford gave this opinion on subsequent occasions also, see for example his speech in 1902 which was recorded in No. 38 of the same Pamphlet Series.
 2. CCJ June 1899. This prophesy was repeated on subsequent occasions, see for example, *ibid.* July 1899.
 3. *Ibid.* July 1899 'The Tariff Policy of Germany'.
 4. *Ibid.* Jan. 1901, 'Commerce in the New Century'.

CONCLUSION

The rise of the City of London to a powerful position at the centre of international finance and trade was not an inevitable or automatic process. The very nature of the business practices which contributed to this rise made the City's rapid growth vulnerable. The economic activities of the City - trade, insurance, shipping, banking and broking - were becoming more interconnected¹ and the greater proportion of the money which financed these activities was held on short notice or demand.² As a consequence the whole structure was the more fragile the larger it grew. When competition threatened its dominant economic position, the City demanded more support from the State and produced its own peculiar brand of nationalism in order to justify the policies it proposed.

1880-1890

At the beginning of the 1880s, protectionism signalled threats to the continued growth of the City's business interests on three fronts: the challenge of foreign economic competition was represented by the commercial treaty negotiations with France; the possibility of losing easy access to the British Empire was indicated by the imposition of the Canadian tariff;

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1. The variety of directorships enjoyed by top businessmen, and the extent to which different interests supported each other on major issues reflected this fact. British trade had become essentially a business based on borrowed capital, according to W. Bagehot, Lombard Street (1910), 15.
 2. Ibid..

and at home, the industrial and agricultural interests who felt they could benefit from British tariff-protection were beginning to organise themselves. The reaction of the City was to form the London Chamber of Commerce, which sought to buttress the dominant position of the City by mobilising opinion as a weapon with which to influence government and promote the City's views on topical issues.

The main aim of the Chamber was to press for a forward foreign policy and imperial federation, as well as the necessary naval expansion to sustain such policies. The idea of imperial federation was as popular with protectionists as with the City, the former wishing for an imperial customs union surrounded by a common tariff wall, the latter for a free trade form of federation which would facilitate the City's economic domination of the Empire. The struggle between these two perceptions of federation took place within the Imperial Federation League, and the Congresses of the Chambers of Commerce of the Empire which were convened by the London Chamber. The details of the imperialism which the City promoted originated in the trade sections of the London Chamber of Commerce. These were run by well-informed and well known businessmen concerned with the particular geographical area or interests which the sections represented. The City's strategy was to present its own interests as 'national interests', the imperialism and imperial federation for which it campaigned being referred to as a 'national commercial policy'.

The City was in no doubt as to the reasons for the imperialism of others in the mid-1880s. The scramble for

colonies was seen as developing out of the industrial expansion and capital accumulation within the countries involved, so constituting an aspect of the overall competition for trade and capital investment opportunities further afield. The City's pursuit of imperial federation was intended to bring together the naval, financial and industrial experience of the old country and the territory and raw materials of the new in such a way as to maintain the dominance of the former over the latter. British naval expansion was seen as a necessary insurance for the protection of business and capital investments abroad in general, and in the Empire in particular. Economic considerations were clearly the basis of the City's political and ideational activities.

The lack of general support in Britain for imperialism and imperial federation made the City's activities important, urgent and difficult. It had to shape ideas and the meaning of terms in order to justify state support for City interests abroad, whilst simultaneously deprecating undesirable state interference in business affairs at home. This delicate operation took place within the context of demands made by other economic groups for state support which would harm the City's interests. Proposals for protectionism or socialism were condemned as selfish class legislation by the City which relied heavily on the metaphysics of 'natural laws' in order to present its own interests as those of the nation as a whole. The same arguments were applied to competition from economic groups in the Empire and in foreign countries. Three basic, although contradictory,

elements were all necessary to support the policy of imperialism and naval expansion which the City promoted: the responsibility of Britain to civilise, which lent general moral support; economic nationalism, which warned of the dangers of leaving such a duty to another power; and 'free trade' which suggested a disinterested objectivity with which only the British were favoured.

It is difficult to exaggerate the importance of the leading role which the London Chamber of Commerce took in publicising the causes of imperialism, naval expansion and the Empire. There was no substantial support from the public for the Imperial Federation League, and the other major chambers of commerce were unenthusiastic about these general issues during the 1880s. Dublin was perhaps the most responsive to invitations to promote the Empire as it feared the possibility of Irish home rule.¹ Manchester, Glasgow and Liverpool had not deigned to join the Association of Chambers of Commerce of the United Kingdom.² Liverpool did send representatives to the first Congress organised by the City in 1886, but had made no

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1. See, for example, the Chamber's address to the Lord Lieutenant, June 1881, Report of the Council to the members at the general annual assemblies or meetings (1880-9); or the address to the Earl of Aberdeen, 1887, *ibid.*. For a general view, see L.M. Cullen, Princes and Pirates: the Dublin Chamber of Commerce, 1783-1983 (Dublin, 1983). Edinburgh Chamber of Commerce, although not a major chamber of commerce, did take up the question of naval expansion and imperial federation earlier than other chambers, Edinburgh Chamber of Commerce Minute Books, 20 Nov. 1884 - a resolution urging the Government to maintain naval supremacy; *ibid.*, 7 June 1885 - a resolution urging a close connection between the mother country and the colonies. Lord Rosebery became a member of this Chamber in 1885, *ibid.*, 24 Sept. 1885.
 2. Manchester became a member of the ACCUK in 1898, Liverpool in 1900 and Glasgow in 1909.

effort to help in organising it.¹ Glasgow was only active through its president who happened to have a close relationship with the London Chamber in any case.² Manchester felt that the issues involved were political, and did not attend a Congress until 1896.³ Birmingham, whose Chamber one of the most prominent protectionists, Samson S. Lloyd, had founded, was only lukewarm in its

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1. Minute Book of the Council of the Chamber of Commerce (June 1883-Jan. 1890), 24 June & 29 July 1885. When the London Chamber had asked for support over the Suez Canal issue in 1884, the Liverpool Chamber had considered it a political issue and refused to comment, *ibid.*, 30 Jan. 1884. For a general view of the Chamber, see W.A. Gibson Martin, A Century of Liverpool's Commerce (Liverpool, 1950).
 2. Sir James Bain often attended Council meetings of the London Chamber, 103rd Report of the Directors of the Chamber of Commerce and Manufacturers in the City of Glasgow (1886), 65, 13 July 1885. Glasgow had supported the London Chamber over the Suez Canal, 101st Report ... (1884). For a general view of the Chamber, see C.A. Oakley, Our Illustrious Forebears (Glasgow, 1980).
 3. Proceedings of the Manchester Chamber of Commerce, 1885-1890, Ordinary Meeting of Directors, 30 Sept. 1885, 30 June 1886; the Chamber did accept an address arranged by the I.F.L., *ibid.*, 26 Oct. 1887. Proceedings ... 1890-94, 16 Dec. 1891 & 20 Jan. 1892; the Chamber thought that the naval defences were being earnestly considered sufficiently and so refused to respond to the London Chamber's letter, *ibid.*, 13 Dec. 1893. Proceedings ... 1894-1902, 22 Apr. 1896, the vote to respond to the London Chamber's invitation was very close, 11 votes to 9 in favour. For general information, see Elijah Helm, Chapters in the History of the Manchester Chamber of Commerce (n.d.).

support of his protectionist view of imperial federation.¹ Although the major chambers might support individual examples of imperialism, particularly in West Africa,² it was left to the City's chamber of commerce to lead the ACCUK and launch a campaign in the early 1880s for imperialism and free trade imperial federation.

The formulation and promotion of ideas was no mere intellectual game, but part of the City's efforts to accumulate yet larger amounts of capital within a structure where time was money and a loss of confidence meant pecuniary loss. There could be no end to the war of ideas in which the City was engaged, because it was based upon the conflict between different economic interests. Battles to capture particular meanings might rage and subside, but the periods of calm were usually merely lulls between engagements, with one side or the other waiting until it felt that it had a slight advantage or being

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1. The Birmingham Chamber of Commerce Report for 1878 (1879), 8, the Council regretted to observe that one result of the continued depression of trade was the raising of doubts about the soundness of free trade policy. G. Henry Wright, Chronicles of the Birmingham Chamber of Commerce, 1813-1913, and of the Birmingham Commercial Society, 1783-1812 (Birmingham, 1913), 312, refers to a special general meeting of the Chamber in October 1885 which regretted that the Council had not submitted their reply to the Royal Commission on the Depression of Trade for the Chamber's approval. Chamberlain refused to become president of the Chamber, and his reply stated his opposition to protectionism, referring to a special general meeting of the Chamber which had received a deputation from the National Fair Trade League in March 1887, *ibid.*, 328.
 2. Barrie M. Ratcliffe, 'Commerce and Empire: Manchester and West Africa, 1873-95', *Journal of Imperial & Commonwealth History* vii (1978-9), 293-314; and Hynes, *op.cit.*.

driven on by circumstances. The success or defeat of particular ideational positions involved the livelihood of those competing, and for the City, existing profits and future expansion were at stake.

The way in which economic considerations and the formation of arguments and ideas were linked, can only be fully understood in terms of how both of them articulated with the process of government policy-making and the City's efforts to influence it. An attempt has been made in this thesis to explore these connections by examining the relationship between the City and the State. The connection between the economic, the political and the ideational is revealed through an examination of the private and the public aspects of the City-Whitehall relationship. The two most important points about this subtle, complex relationship are, first, that its private aspect consists largely of understandings between the wealthiest businessmen involved in a particular issue and the highest-placed, political decision-makers; and, second, that there was a conscious attempt made, when shaping the public aspect, to mask the fact that the private relationship existed.

The relationship between business and politics is difficult to understand precisely because there was a hidden as well as a public side to it. Apart from social connections taking place outside Westminster, of which the cultivation of politicians and civil servants by the Rothschilds is one good example (these are worthy of an interesting piece of research on their own), many unrecorded agreements were arrived at within the precincts

of Parliament and Whitehall. Examples given in this study include informal interviews with ministers and parliamentary under secretaries¹ and conversations between civil servants and businessmen.² Such contacts could occur at a variety of levels in the decision-making process, and they could be kept secret from different audiences; these contacts ranged from verbal agreements not referred to in the minutes of civil servants or in the minute books of the London Chamber of Commerce, to the omission of parts of the correspondence printed for Parliament. Not all businessmen and civil servants were privy to private agreements. Where state support for business abroad was concerned, the most prominent businessmen with City connections generally had a close but hidden relationship with the relevant top political decision-makers. Examples of provincial businessman without a City background being outside this relationship include that of Alfred Jones, who initially had to rely on Sutherland to further his interests through the latter's contacts with ministers and civil servants, or the way in which the Africa Association was handicapped because it did not even know how to go about applying for a royal charter, let alone how to present its case most favourably.

Looked at from the point of view of the control of information, the relationship between the City and the

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1. For example, that given at the FO to the West Africa section in 1884.
 2. For example, those at the FO between Pauncefote and businessmen such as Matheson, Goldie, and later Jones; and between Swanzy and Hemming at the CO.

State sometimes seemed to be weighted in the City's favour, in the sense that it was easier for City businessmen to recognise the hierarchy of politicians and civil servants, as well as keep in touch with political vicissitudes through those who were Members of Parliament, than it was for the politicians and civil servants to keep abreast of developments in the world of business. Examples of the difficulties which politicians experienced include Herbert's mistaken belief that Rhodes and North were behind Gifford's application for a charter for the amalgamation of the two companies in which he, Gifford, was involved, or the way in which the Government was duped over the ownership of the Rudd concession. Such experiences may have led to an increased reliance on the relationship which politicians and civil servants had with long-established businessmen such as Betram Currie, Lubbock, the Barings, the Rothschilds and Matheson.

The City could also be seen to come out best in its relationship with Westminster from the point of view that the convening of public meetings and statements by the City could be used to embarrass governments as well as support them. Through connections with British chambers of commerce abroad, both inside and outside the Empire, the City could begin agitating for a policy with a call for help from seemingly beleaguered British interests. It could also activate British chambers at home on occasion. The political role of the City had to be finely judged, however, as it had to appear to be arguing the case on economic grounds, and economic grounds that were in the interests of the nation as a whole. It could not afford

to be overtly political, although it was proposing political action, and only when policies which it considered disastrous appeared likely to succeed did it resort to out-and-out political activity. The Irish home rule question is an outstanding case of this sort.

Government action appears to have recognised the demands of the City for more state support and imperial expansion abroad. There was a change in the publicly declared policy of the British government during the 1880s. The despatch of the Salisbury telegram to China in 1886 marked a more open commitment to British business expansion abroad, which the granting of royal charters endorsed. When Lord Salisbury acknowledged 'the deep connection between the conduct of commerce and the conduct of the Government' of Britain at the end of the decade,¹ he was making the declaration to a world which was already aware of his willingness to support the expansion of British investment abroad.

Lord Salisbury also declared in his speech to the London Chamber that the greatest duty of the state was to provide the material to defend British business expansion around the world. This was a tribute to the success of the City's efforts to ensure the continued growth of the navy. It is arguable that the state's provision of armed force to protect British possessions and enterprise abroad was the most important aspect of the City-State

1. CCJ Mar. 1889, 57; The Times 28 Feb. 1889, 10.

relationship. Without such might, neither City business nor the policies which it proposed could have been sustained. Whereas the City could float companies which would finance, at least in the short term, the expansion of the Empire, extensions of British interests abroad could not have been effected at all if there had not been a rapidly-expanding, powerful navy to buttress these moves. There would have been little growth in the private profits of the City without the huge growth in public expenditure on the navy.

1890-1900

The tendency for City interests to become integrated was demonstrated in the late 1880s and early 1890s by the addition of a further tier of City finance which brought together merchants, bankers and others, as a result of the explosion of trust company formations.¹ Wealthy businessmen and businesses became involved in finance when they passed a certain size, whether the original enterprise had been primarily concerned with shipping in West Africa or mines in South Africa. The variety of directorships which prominent members of the City held,² continued to reflect this integration which took place in association with the rapid expansion of City business.

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1. For an example of a successful trust company, see The London Trust Co. Ltd. 1889-1967, Guildhall Library. For relations between private bankers and trust companies, see Cassis, op.cit., 176.
 2. A place on the board of an established insurance company might be taken as the usual mark of entry into the City finance community.

Membership of the top echelon of the City business hierarchy, and the establishment of informal relations with Whitehall, did not necessarily mean that a businessman had a secure position for life. His position depended upon business success and could change with circumstances. Changes in the leadership of the West Africa and South Africa trade sections of the London Chamber of Commerce during the 1890s demonstrated changing positions in the hierarchy. If particularly long-standing members of the City community, such as the Baring family, were faced with ruin which also threatened the whole structure, the community could make extraordinary efforts to protect its own, as the Baring crisis showed.

Finance was an important part of the relations between the great powers at this time, both as regards Europe as well as more distant lands. The relations between the City and Whitehall were closer in the 1890s than in the previous decade and continued to be characterised by contrasting official and hidden activities. The arrival of Chamberlain at the CO encouraged this relationship further, although the City was quick to make clear that it did not want the state to engage in business which would be better done by private enterprise.

The momentum of the movements which the City had promoted in the 1880s was maintained and accelerated in the last decade of the century. Protectionism was temporarily vanquished; opposition to bimetallism found effective expression in the formation of the Gold Standard Defence Association; support for free-trade imperial

federation was organised by the City with the successful establishment of the British Empire League; and the naval expansion was maintained through the activities of the Naval Defence Standing Committee of the London Chamber of Commerce.

Declaration of state support for British business abroad became more strident as the strength of the navy increased relative to that of other powers. However much the City protested that economic competition between countries was replacing warfare, its promotion of an ever-expanding British navy indicated a more profound faith in armed force as the final arbiter of conflict and as the basis of secure economic expansion.

After all is gold the basis of our unchallenged credit? Our credit is, it may be maintained, really based upon our strength, and the fighting power of our army and navy has more to do with upholding that credit than any stores of gold however large they might be.¹

Opposition to the rapid extension of Empire and the equally fast rise in public expenditure on the navy² was growing in the last decade of the century and these policies did not attract widespread support, for example the Navy League was an even weaker body than the I.F.L. had been in the previous decade. Therefore, the vigour with which the City sustained the justification for its policies was just as necessary and important in the 1890s. The acceptance of the City's solution to the threat of famine in war-time - the maintenance of a stronger navy rather than tariff protection for agriculture - is a significant example of success in this battle for ideas.

1. Bankers' Journal 17 May 1899.

2. See Appendix.

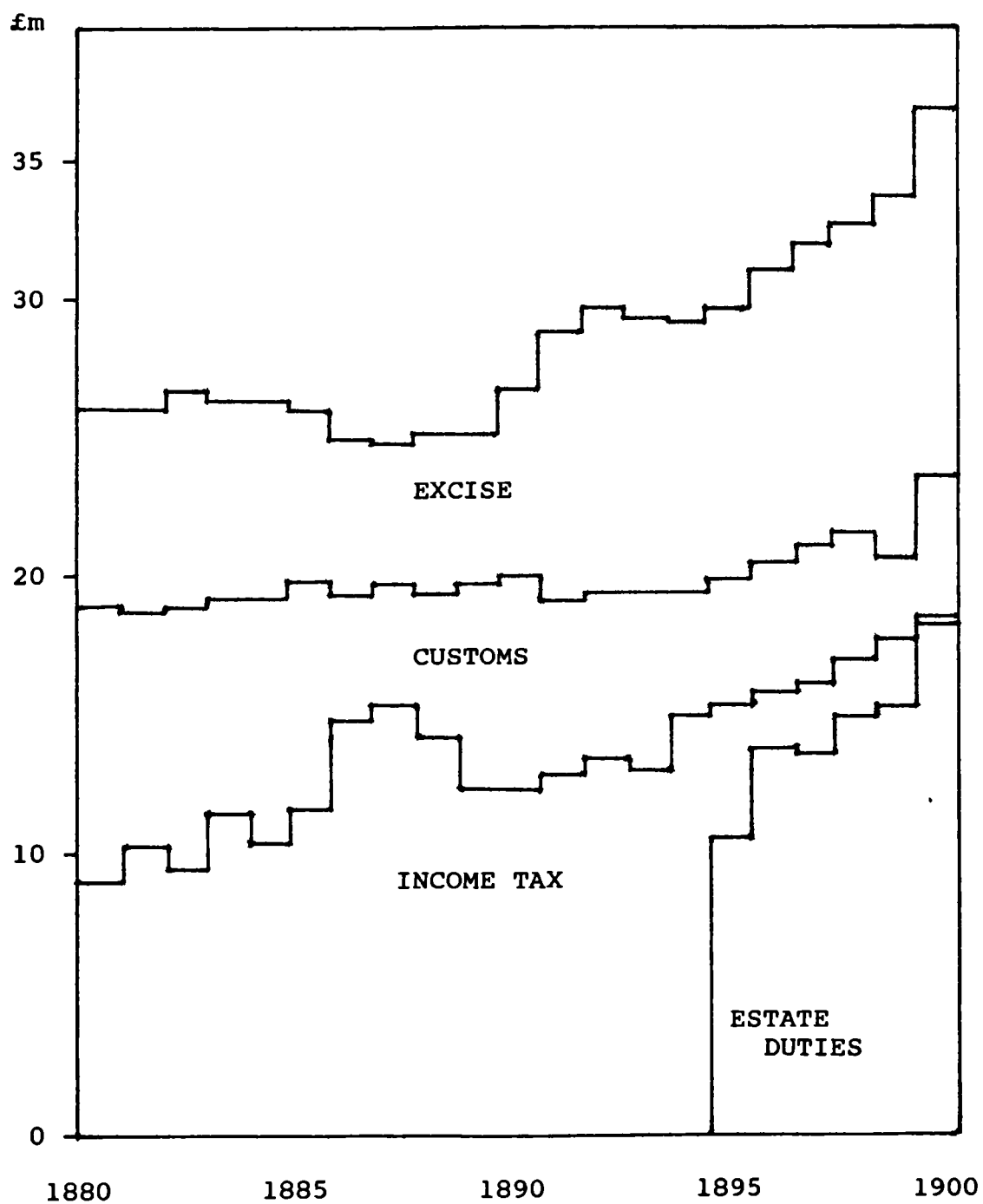
The same contradictory set of concepts continued to constitute the City's particular form of nationalism. The myth of free trade was perpetuated, the monopolistic practices and oligarchical structures in which many major City businesses were involved being defended on the grounds of efficiency. 'Free trade'¹ and economic nationalism continued to be propagated together with the view that warfare in support of imperialism was a victory over barbarism. If the City's liberty, or the protection of its expansion was interfered with by 'democracy', then democracy had to be set aside in those areas.² Domestic unemployment was considered as no more than a problem of surplus population which could be drained away by state-aided emigration. The City argued for an outward-looking, aggressive expansion of the British state in the service of morality in general, and national interests in particular. Those national interests, which the state was to support but not interfere with, were the expanding economic interests of the City of London.

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1. The limits of the meaning of 'free trade' were tested to breaking point by N. Lubbock when he demonstrated the degree to which a determined, well-organised minority interest could influence the London Chamber of Commerce, providing it did not injure the interests of the majority of senior members of the City.
 2. When it was in the interests of the City, such as the enfranchisement of uitlanders in the South Africa Republic, the City could be a fervent adherent of the democratic principle.

APPENDIX

The Yield of the Staple Taxes

Source: J.F. Rees, A Short Fiscal and Financial History of England, 1815-1918 (1921), 234-5



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